ADMIRALTY'S ADMISSION



OLDEST NEWSPAPER IN THE FAR EAST. ESTABLISHED 1845.

THURSDAY, NOVEMBER 9, 1939 No. 30,835

Price: 10 Cts.

INSIST

Australia's Choicest BUTTER

THE INCOME DEBATE

INCOME TAX, NOT ALTOGETHER surprisingly, completely dominated this afternoon's discussion in Legislative Council on Government's Budget proposals.

Unofficial Members, without exception, expressed themselves as firmly opposed to the introduction of income tax, with the Chinese members strenuous and unequivocal in condemnation.

HOLLAND DENIES RUMOUR

(SPECIAL TO "CHINA MAIL") London, To-day.

Reliable information from mours that Germany had served the Netherlands with an ultimawhich brought tum about the Belgo-Dutch peace appeal.

Political quarters here nevertheless consider that the appeal resulted from German manoeuvre.

German propaganda spread in neutral countries and Belgium.

TROOP CONCENTRATIONS

Troops have been concentrated on the Dutch and Belgian borders, while the German Government has reaffirmed its desire to respect the neutrality of both countries.

Reasons for the manoeuvre puzzling.

Either It is a bluff destined to hide Germany's true Intentions and simultaneously bringing the neutral Sovereigns to take the Initiative wished by Germany, or It is designed to force the Allies to protect neutrals against Germany, thus justifying a German invasion.

COORDINATED ACTION

Well-informed auarters here are of opinion that the two Bovereigns discussed at their meeting at The Mague the co-ordination of protection measures, and annealed for peace to prove to the world their absolute neutrality and good faith.-Havas.

Attitude of the British Unofficials was, perhaps, most effectively expressed by the Hon. Mr. S. H. Dodwell, who, with no personal objection to income tax, said that the serious opposition of the Chinese community was the paramount issue and could not be ignored. The risk of a flight of capital was very real. Income_ Tax might be a dangerous experiment.

The Hon. Mr. Sydney Caine Intervened early in the debate, with one of the most brilliant speeches ever heard in Hong Kong's legislative chamber, staunchly defending the Income Tax proposal, answering each objection, point by point.

The Hague denies ru-The beauty of Income Tax, he said at one stage, is that adjustments can be made to meet hardships in a way impossible with any other tax. No other tax could be equally well guaranteed to avoid hitting the unfortunate business man who has made no profit.

Henry Pollock.

Sir Henry said:-I have no com- three million dollars. ments to make on the Budget for (2) That the total amount required 1940-41.

In regard to the proposed War Gift following items in Public Works Exto the Imperial Government, as a resident of the Colony for 51 years, during 29 years of which time I have has served as a Member of this Council, I make no apology for treating the making of this gift from the point of rumours that Germany is view of the welfare of this Colony rather than from the point of view of intending drastic action contributing what must, whatever against the Netherlands actual annual sum in dollars is remitted to the Imperial Government, be a mere mite in the War Expenditure of Great Britain.

In taking this view I am supported by the Right Honourable the Secretary of State for the Colonies who clearly, and wisely, told us that "there should be as little disturbance as possible with the Colony's current activities and development schemes, so long as revenue to finance them would be forthcoming."

"CONSERVE OUR RESOURCES" It is our duty, therefore, in this Council, in considering the amount of dollars to be remitted to the Imperial Government as a gift, to look ahead

beyond the immediate present, and to

conserve our resources for "current activities and development schemes." I am convinced that it would not be prudent finance to make an annual contribution to the Imperial Government of a larger sum than \$3.000,000, in addition to the \$6,000,000, per annum which we have to pay for our ordinary Military Contribution and to

Expenditure for 1840-41. THREE POINTS My reasons for holding this opinion

the sum of nearly 21/4 million dollars

in respect of Defence and Special War

(1) That nobody can foretell how WEATHER FORECAST:-North-east long the present war will last, and, winds, moderate; fine to cloudy. therefore, that we are not justified in

The debate was opened by the Sen-, mortgaging our financial future for an ior Unofficial Member, the Hon. Sir indefinite period of time by sending out of the Colony annually more than

to be voted eventually to complete the

(Continued on Page 10)

Sir Henry Pollock: Income tax will seriously upset Chinese capitalists and industrialists in this Colony. Other taxes which would not involve the risk of injuring the trade and prosperity of this Colony ought to be substituted.

Mr. T. N. Chau: Official invasion of the "Inner counter" of the Chinese business man means more than the disclosure of his business secrets.

Mr. M. K. Lo: The underlying idea is a free and spontaneous gift by the Colony to England and not a tribute to be exacted from an unwilling population.

Mr. Sydney Caine: The great beauty of an income tax is that if you have no income you pay no tax. I cannot follow Mr. Chau in his belief that humanity is divided into Chinese and the rest.

Mr. Li Tse-fong: In my opinion, the Government could fall back on the Colony's surplus balance.

Mr. Leo d'Almada: Prudence surely counsels its abandonment. Mr. Shields: I would urge Government to examine alterna-

Mr. Dodwell: The Committee now sitting may succeed in de-Vising some method of making it less objectionable to our friends.

Mr. Pearce: The financial and commercial interests of the Colony and therefore its future prosperity will be affected.

Paris, To-day,

Berlin-Munich telephone communications were cut after the explosion in the beer cellar, states the Amsterdam correspondent of Havas. - Reuter.



Let this name-plate guide you to the finest in refrigeration. Sole Agents-DODWELL & CO., LTD., Alexandra Building, Telephone 28021.

SHOWING TO-DAY

KINGS

At 2.30, 5.10, 7.15 & 9.30 p.m.



ALSO TERRYTOON IN COLOUR

"THE MAN IN THE IRON MASK"

Joan BENNETT Louis HAYWARD United Artists Release

HANKOW DAILY ROAD 2.30 KOWLOON 5.20 TEL. 7.20 57795

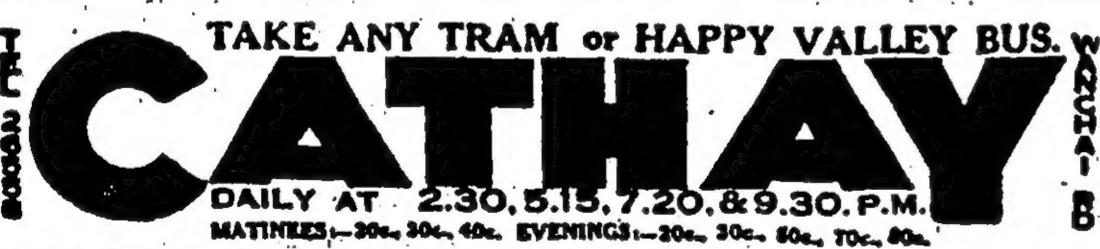
TO-DAY AND TO-MORROW



9.20

U.A. Picture: "HURRICANE"

Dorothy Lamour Jon Hall



TO-DAY & TO-MORROW __ 2 DAYS ONLY An Exciting and Fast Moving Murder Story!



STARTING SATURDAY! THE EPIC OF A LAWERSS, EXCITING ERA! "JESSE-JAMES"

(Photographed in TECHNICOLOUR) TYRONE POWER — HENRY FONDA — NANCY KELLY

A 20th Century-Fox Picture

SUGGESTION THAT EMPIRE SHOULD DRAW UP PEACE TERMS

London, To-day. RE-AFFIRMATION OF New Zealand's position, that she will bring the utmost of her resources to the common cause, was made by Mr. Fraser, the Deputy Prime Minister of New Zealand, in a broadcast speech in London last night.

In the course of the speech, Mr. Fraser expressed the hope that the representatives of the Commonwealth now in London would examine the possibility of formulating the terms upon which, at some stage, peace could be firmly secured and honourably based.

The Commonwealth, he said, was in such a strong, position that even the wilfully blind could not interpret such a step as a sign of weakness.— Reuter.

MEETING OF MOSCOW **OSLO** POWERS

Copenhagen, To-day. The meeting of the Oslo Powers which have been discussing various problems arising out of the war concluded yesterday, after four days of discussions.

No communique was issued, but it was stated that technical questions of interest to neutral powers were dealt with.—Reuter.

ANOTHER CONGRESS RESIGNATION

New Delhi, To-day. plans for India.—Reuter.

ATTACKS ON

Rome, To-day.

The Italian press continues to attack the statements from Moscow.

Count Ciano's paper "Telegrafo" says that Moscow's denunciation of what it called the imperialist aims of Britain, France and Germany indicated that there was no perfect agreement between the Soviet and the Reich.

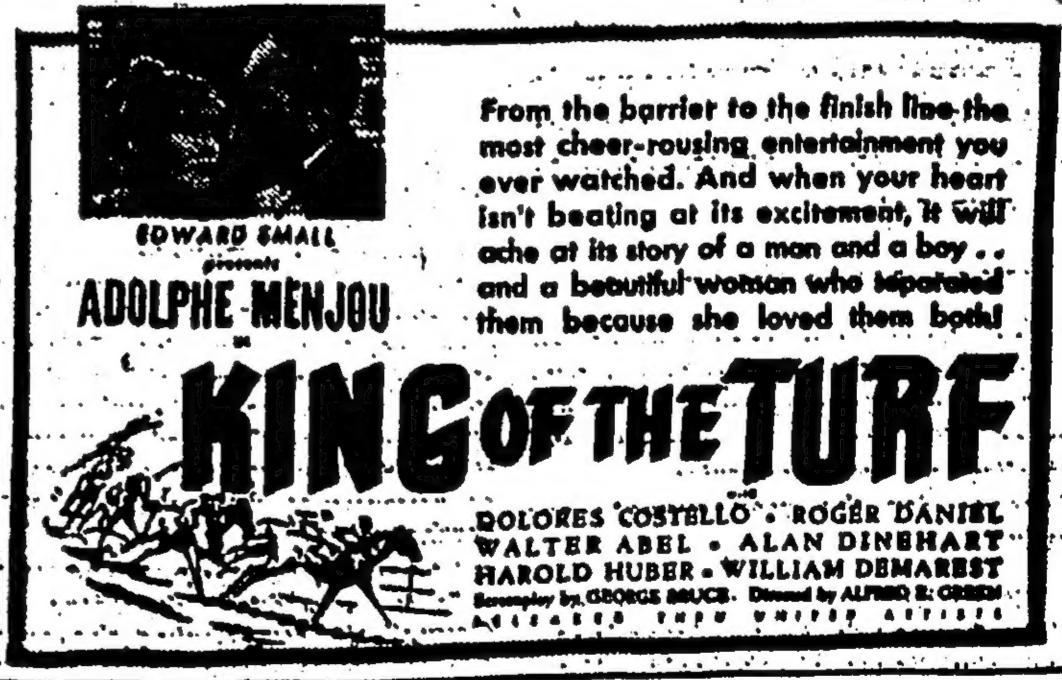
Moscow was not working for peace; but for war, as was shown by her intervention in China and Spain.

Signor Gayda, in Giornale The Congress Ministry of the Cen- d'Italia," refers to the Soviet Union's tral Provinces has now resigned, the policy of aggrandisement. For 20 seventh to do so in protest at the years, Moscow had worked for war, Viceroy's statement on the British counting on a Communist world revolution.—Reuter.



MOST DRAMATIC RACE TRACK STORY. EVER FILMED!

Thrilling drama of million-dollar horsestesh in breakneck competition against heavy odds.



FOR JO-MORROW AND SATURDAY THE YEAR'S FUNNIEST COMEDY HIT!



ABORTIVE LATVIAN AFGHAN PLOT

New Delhi, To-day. All the ringleaders of the abortive conspiracy formed early in September to start a rising in Afghanistan simultaneously with the outbreak of the European War have now surrendered to the Government.

supporters of the former King, Amanullah, had previously fled from Kabul.

The collapse of their attempt foment anti-Afghan riots from Tirah, near the Khyber Pass, is regarded as greatly improving the situation N LISBON in this area.—Reuter.

POLISH LEADERS GOING TO LONDON

London, To-day. The Polish Prime Minister and Forelgn Minister will be visiting London some time next week as the guests of His Majesty's Government.—British Wireless.

Japanese sailors pirated junk No. alert yesterday. 1214, belonging to Chan Ming, at A total of 19 larcenies were com-1.30 a.m. yesterday off Lin Tin mitted the police managed to arrest Island. Cargo valued at \$448 was 17 of the persons alleged to be resstolen.

4 SHOWS

720 - 9.30

TRADE WITH GERMANY

SPECIAL TO "CHINA MAIL" RIGA, TO-DAY.

A LATVIAN DELEGATION IS GOING TO BERLIN SHORTLY TO NEGOTIATE A TRADE TREATY WITH THE REICH.

On the other hand the Latvian Ministry of Public Welfare has ordered the dissolution of all German organisations in Latvia in accordance with the German-Latvian accord providing for repatriation of the German minority.

Two big steamers carrying 5,000 The ringleaders, who were Afghan Germans left Stettin and Gdynia yesterday.—Havas.

(SPECIAL TO "CHINA MAIL")

Lisbon, To-day. Max Schmeling, former world heavyweight boxing champion, arrived here from Spain yesterday.

Max told newspapermen that he is not returning to America but is proceeding soon to Berlin via Spain. -Havas.

POLICE ON ALERT

The Police in Hong Kong were

ponsible for the thefts!



TO-DAY, ONE DAY ONLY Return Showing By Special Request!



Horosplay! Rousing songs! PAULINE MOORE - Joseph SCHILDKRAUT

JOHN CARRADINE - LIONEL ATWILL - MILES MANDER BOUGLAS DUMBRILLE - JOHN KING A 20th Century-Fox Picture

TO-MORROW AND SATURDAY

Columbia's First Great Dramatic Hit of the New Season!

M. O'BULLIVAN

HENRY FONDA



TO-NIGHT'S DINNER

- 1. Mulligatawny Soup 2. Baked Fish & Brawn Sauce
- 3. Pork Chop, Mashed Potato 4. Roast Chicken
- 5. Bakewell Pudding
- 6. Ten or Coffee

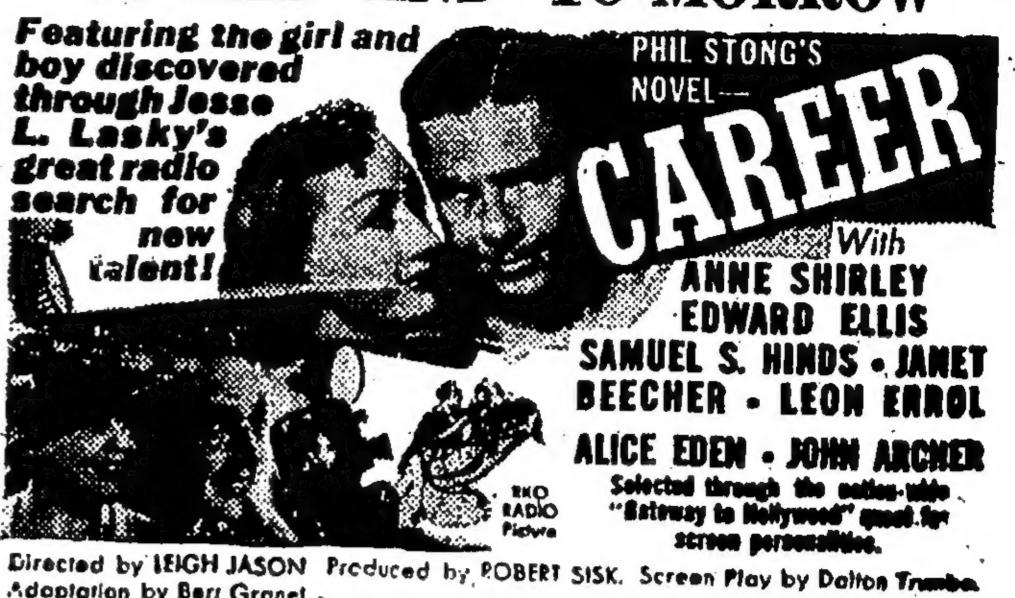
Price 95 cts.

ST. FRANCIS HOTEL

QUEEN'S ROAD, CENTRAL

DAILY AT 2.30-5.15-7.20&9.30-TEL 31453

TO-DAY AND TO-MORROW



Adoptation by Bert Granet. -

LATEST MARCH OF TIME " DIXIE --- U.S.A. "

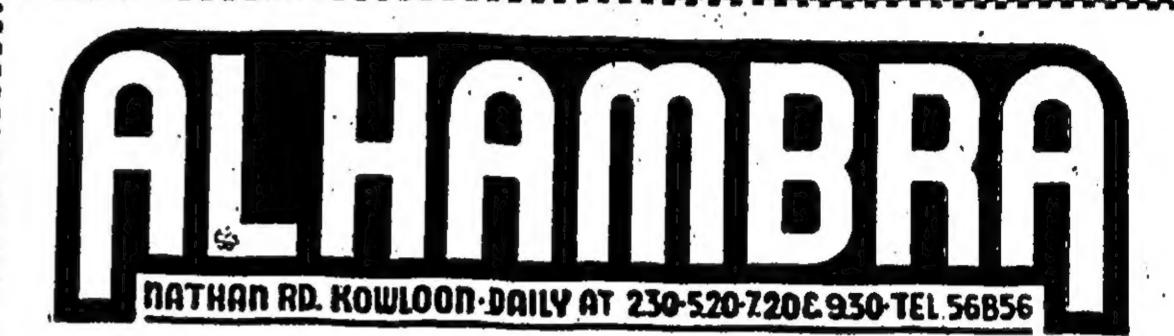
The first complete story of the New South's fight for its economic birthright.

SATURDAY

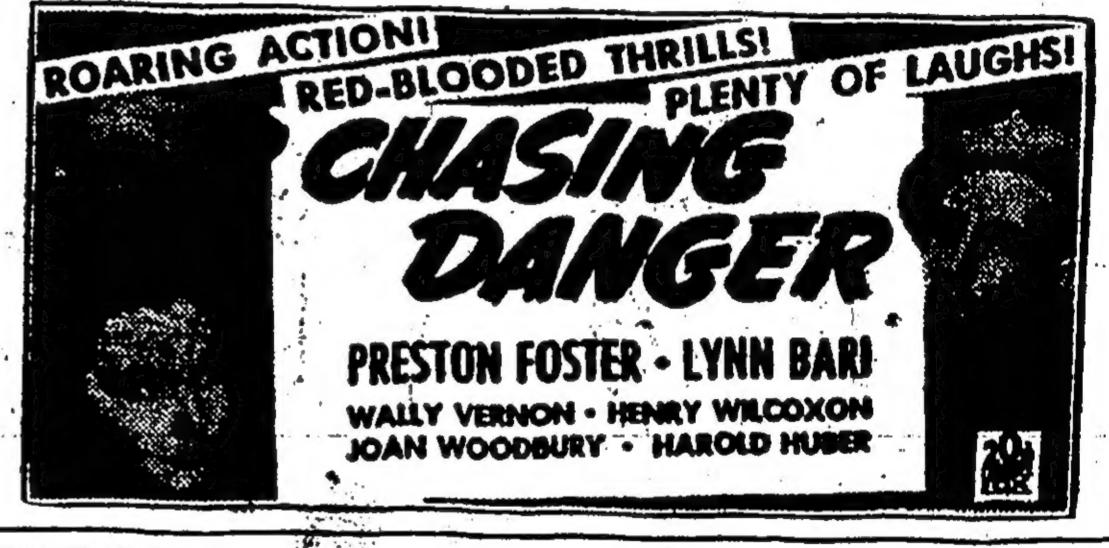
ANNA NEAGLE

RKO Picture

in "NURSE EDITH CAVELL"



TO-DAY AND TO-MORROW



SATURDAY Rko-Radio Picture

ANNA NEAGLE

"NURSE EDITH CAVELL"

CENTRAL

Daily at 12:30, 2.30, 5.15 7.20 & 9.30. p.m. Prices: 35c. 55c. 80c.

TO-DAY ONLY



TO-DAY: also on the screen LATEST

"NEW AUDIOSCOPICS" with lots of thrills and breath-taking excitement

TO-MORROW & SAT.

SUN. & MON.

TUE.

WED.

"MUTINY on the BOUNTY"

"GOOD EARTH"

"DAVID COPPERFIELD"

"MARIE ANTOINETTE"

HITLER GIVES ANSWER TO PEACE APPEAL: GETTING READY FOR 5-YEAR

Munich, To-day. IN CHARACTERISTICALLY vehement terms, Herr Hitler last night gave what was tantamount to an answer to the peace appeal issued by Queen Withelmina and King Leopold from the Hague.

It amounted to a summary refusal to discuss the matter any further, his main point being that he has given Goering orders to prepare for a five years' war.

Cellar itself. referred to the "terrible catastrophe" disarmed only to be deceived.

of the last war. Then, he said, the enemies of Germany had only a weak government in Germany to face.

VITUPERATIVE ATTACK

Britain's war aims, he declared: "Britain is fighting to free the bowed before. German people from militarism to

necessary for Germany to carry and that will be Germany.—Reuter. arms, and thus make her liberation complete."

Hitler then referred to criticisms of himself saying: The British Ministers declare they would be glad to come to an agreement if they could trust the words of the German Gov- Anti-aircraft guns here opened fire ernment. I could say exactly the yesterday on an unidentified 'plane,same myself.

Hitler spoke in the famous Beer. Pursuing the theme, he proceeded It is to redeem Europe from the to accuse Britain of breaking the perpetual recurring fear of German He started in a voice which was pledges made during the last war, in hesitating and suggested fatigue, and consequence of which Germany was Europe to preserve their indepen-

GERMANY'S ARMY

To-day, he said, Germany's army is unequalled, backed by people a compact unity unparallelled

history. After a vituperative attack on "If Britain started granting their Britain and a sarcastic reference to own Empire full liberty by restoring the freedom of India, we should have

such an extent that it will be un- There will be one victor in this war,

GUNS FIRE ON A.A.

Amsterdam, To-day.

GERMAN

London, To-day. "The Times" in an editorial comment on the Belgo-Dutch peace appeal, says "Our minimum terms are stereotyped in the Prime Minister's words: Our purpose is well-known. dence, and liberties.

It is certain, says "The Times," that in no circumstances could this declaration of policy be compromised and it is necessary to add that we are pledged not to treat for peace ernment of Poland.

RUMOURS OF DANGER

terested character of the Queen's and In conclusion, Hitler declared: King's desire for peace to surmise with tense interest. that the moment chosen may have some connection with current rum- ed the discovery a few days ago of ours of danger to the neutrality of their countries.

> Each is ominously accused in German propaganda of unneutral conduct, the one in tolerating a free press which dares to criticise German policy; the other in acquiescing in the exercise of Britain of the blockade rights allowed by international law.

Observing the fate of other small countries on the German border they can scarcely help wondering with foreboding what these charges portend.

GERMAN THREATS

A German threat of invasion of Holland perhaps prompted the peace proposals.

tain.-Reuter.

Washington, To-day. The Secretary of State, Mr. Cordell Hull has stated that the Belgian and Dutch Governments have not made direct communication with the United States regarding their joint peace appeal, nor has the United States been requested to collaborate and participate in the effort to end the war.-Reuter.

AMAZING DUTCH

Amsterdam, To-day. The arrest of four Germans at Hengelo, near the without the participation of the Gov- German-Dutch frontier is the latest development in the big "uniforms" spy case-It is no reflection on the disin- which all Holland is following

> The arrests and disclosures follow-Dutchmen, allegedly attempting to smuggle Dutch uniforms of various types to Germany.

> Yesterday's arrests were the sequel to an incident at Deventer on Tuesday, when a man speaking with a German accent, tried to purchase a Dutch military cap.

The tailor's suspicions were aroused and he took the number of the man's car enabling the police to stop the car at the frontier and arrest the four German: occupants.

TRUE SPY LINES

The affair is developing along true spy lines and newspapers early yesterday announced the extraordinary Dutch flooding of the frontier zone discovery during a domiciliary search, would be a considerable, but not an of a German aeroplane in a garage. insuperable obstacle to a rapid Ger- Investigations indicate that the man advance, which would entail gang was trying to smuggle any sort the occupation of a position with of Dutch uniform from a tram conshorter lines of lattack upon Bri- ductor's to a cavalry officer's. -

HOLLAND AND BELGIUM GETTING FOR SQUALLS Amsterdam, To-day.

THE ORDINARY PEOPLE of Holland and Belgium to-day realise that the security and neutrality of their countries hangs in the balance. countries continue to take precautionary mea-

In Belglum, 5,000 men of the Reserve Army have been called up and buses and motor coaches. have been requisitioned.

Holland has flooded certain areas and declared others to be in a state of siege.

London, To-day. Mr. Chamberlain was asked! in the House of Commons yesterday If he would say anything about the peace appeal from the rulers of Belgium

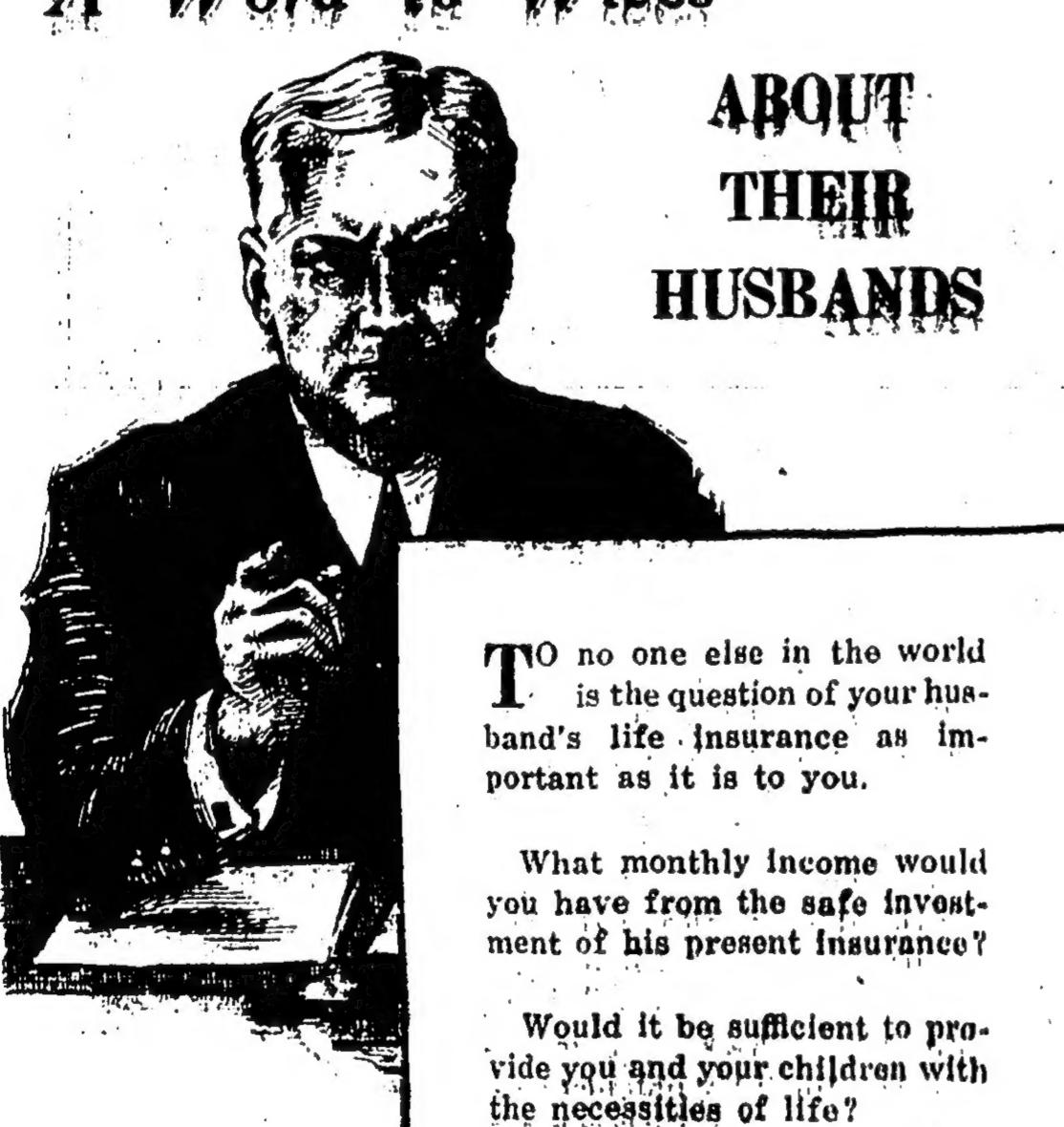
and Holland. He replied that the communication is receiving the careful consideration of the Government, but that he was ment on it yesterday.

In connection with the smuggling of uniforms into Germany, the Dutch police in a number of raids have seized a number of important documents.

"In a raid on a garage, they also seized a mysterious aeroplane.-Reuter.

The British Government, servers point out, is of course under an obligation to consult not only the Dominions and France on such a matter but also the Polish Government.

The Polish Premier and the Polish Foreign Minister are coming to not in a position to make any state. London next week as guests of the British Government.—Reuter.



THE INSURANCE COMPANY

HEAD OFFICE TORONTO, CANADA Hong Kong Office: Shell House: E. J. R. Mitchell, Manager. Tel. 20601

CANTON: 20, British Concession, Shameen. Tel. 15072, V. E. Ferrier, Special Regundalettve. SWATOW general Agents: Mesers. Corr Marager & Bon, Ltd. Special Representative: Q. 2, W. The

MACAO: P. J. Nejenha, Ameri

MAIL THIS COUPON NOW THE MANUFACTURERS LIFE House send me full portionies of your

ALL LEAVE CANCELLED IN REICH

Copenhagen, To-day. According to the Berlin correspondent of the "Politiken," German soldiers of every category and Air Force officers who were granted leave after serving in Poland, have been recalled by telegram.—Reuter.

TRIBUTE

While the initiative of King Leopold

The success of Lord Halifax's speech

"L'Oeuvre" finds the Halifax broad-

cast as important as the Belgo-Dutch

ly paid a tribute, the press generally

Paris, To-day.

VAST ATTACK PREDICTED IN TEN DAYS

London, To-day. PREDICTIONS THAT Herr Hitler will attempt a APPEAL smashing blow at the Allies in the next ten days MYSTERY come from neutral countries, and appear to be borne out to some extent by unusual liveliness in the air in the fighting zone, and the massing

The Riga correspondent of the "Afton Bladet" of mediation offer of the Bel-system. Kruschen Salts keep the body Stockholm, learns from sources which he states the are invariably well informed on Russian affairs, leading Brussels paper, asthat Moscow has been informed that the Ger-serts that the underlying reaman intends to make vast attacks on the whole sons for its issue at this time of the Western Front, combined with a combin-are somewhat mysterious. ed air attack on Britain on an unprecedented that mediation may even be due to

broadcast.

scale.

This attack, it is intimated, will be FRENCH PAY launched within the next ten days. The correspondent states that the decision is understood to have been taken long ago, but its execution was postponed.

Moscow and Rome have now been informed, he says, that the start will and Queen Wilhelmina is unanimousbe made in ten days' time.

Moscow, dubious of the results, is emphasises that Britain and France believed to have warned Germany of | are more firmly united than ever and the danger of failure, but Berlin is will stand by the views expressed by unlikely to abandon the plan which Mr. Chamberlain and M. Daladier and is considered to mark the real be- restated by Lord Halifax at Tuesday's ginning of the war.

AIR LIVELINESS In the meantime, the Germans are has made the position clear. sending great numbers of planes on reconnaissance over the Allied lines

and into the interior of France. The Allies have replied by des- initiative. patching several reconnaissance patrols into the interior of Germany.

On land, there has been liveliness, too. Three German raids of some importance were launched during the day, in addition to the usual activity in No-Man's-Land.

In each case, the attackers were repulsed. — Reuter.

AMSTERDAM COMMENT

Amsterdam, To-day. The newspapers here state that no definite attitude can be taken by Germany in respect of the peace proposals until Hitler has made up his mind.

All the correspondents agree, however, that the first reception has been friendly.

It is remarked in Amsterdam that the Belgo-Dutch initiative was preceded by sharp German press attacks on Holland and Belgian for their attitude to "British Sea dictatorship."

Dutch correspondents in Berlin have reported demands that Holland should flaunt British contraband conand been told that Holland's neutrality was one-sided! -- Reuter.

ade control stops and refuse to stop in drder to the what would happen

PEACE

Brussels, To-day. Commenting on the peace gian and Dutch Monarchs, organs functioning normally and heal-"Vingtieme

The paper expresses the opinion a request made by Hitler in Brussels and The Hague.

It recalls that on October 8, when the German peace offensive was at its height, Berlin hinted at the role of neutrals in wartime, and referred to the possibility of an offer of the good offices of mediation by them.

The journals adds: Will the nations at war accept this peace offer? The next few hours will be very important and might prove decisive for the peace of Europe, including that of our countries. In any case, everything will be done to save our countries from destruction.—Havas.

AMERICAN TANKERS CHANGE REGISTRY

Washington, To-day. The Standard Oil Company of A number of papers declare that New Jersey has stated that at least German pressure exercised on the sov- | six of their tankers have been transereigns was inspired by the blockade ferred to the Panama flag in the which was worrying the Reich and past six weeks and a further nine making itself felt more daily.—Reuter. | are changing.—Reuter.

By Ed Reed OFF THE RECORD

bankethail at college!"

Here's Luck Tel. 30311

WORRIED BY PIMPLES AND ECZEMA

Complexion Perfect After Six Weeks of Kruschen

This lady was greatly worried by eruptions of pimples and blotches. Naturally, she tried every way of getting rid of them, and at last she discovered the remedy which made her complexion perfect again. Here is what she writes:—

"For the past two years my face was covered with hard pimples and red olotches, and I also had eczema on my neck and fore-arms. I tried every lotion, cream and ointment there was to be had, without the slightest effect. I was so worried. Fortunately I decided to give Kruschen a trial, and without any exaggeration, within six weeks my face was without a blemish, and I have not had a sign of eczema since. I take Kruschen regularly every morning, and would not be without it."--(Mrs.) J.A.

Pimples and eczema are frequently due to impurities in the blood-irritant poisons which sluggish body organs are failing to expel from the Siecle," regularly and completely expelled.

> We Specialise in the MACHINELESS PERMANENT (Absolutely no heat)

AHANA BEAUTY PARLOR Alexandra Bldg., Room 5, 2nd Fl. Telephone 26824.



BETTER TYPING



"It's grand to have your boss praise-I mean actually rave over your typing. That's exactly what's happened ...

LOWER CQSTS

"I've noticed ... already letters seem to come through right, faster—since we took on the New Royals."





The OFFICE APPLIANCE. Co., LIMITED 'Queen's Bldg., 2nd Flr. Tel. 28607



PRINCESS HOHENLOHE'S WORK IN GERMANY FOR VISCOUNT ROTHERMERE

CARRIED WITH ACCLAMATION.

Ankara, To-day. The National Assembly yesterday ratified unanimously and amid acclamations, the Triple Alliance between Turkey and Britain and France.—Reuter.

AMERICAN ANNOYANCE WITH MOLOTOV

(SPECIAL TO "CHINA MAIL")

Washington, To-day. The resentment expressed here by political quarters at M. Molotov's speech is shown by the fact that most American leaders refrained from attending the reception given by the Soviet Embassy to commemorate the twenty-second anniversary of the Soviet Revolution.

M. Molotov's reference to the "American bourgeoisle wishing to prolong the European war in order to reap profits from it" is commented on ironically by politicians, who recall that the Soviet for many years openly wished for a world war to pave the way for world revolution .--Havas.

AMERICA'S SEABOARD PATROL

Washington, To-day. The Navy has ordered two more World War destroyers to join the Atlantic neutrality patrol, raising to over 80, the number of warcraft guarding the East Coast.

Preparations are also proceeding to speed the construction of hangars and Prince who was then in Potsdam. other aircraft facilities at nine points on the East Coast and Caribbean, where planes will be based to reinforce the patrol from the air.—Reuter.!

London, To-day. AN ACCOUNT OF A newspaper campaign in favour of revision of the Treaty of Trianon and negotiations with Hitler and the Crown Prince and others, was given in a hearing begun yesterday in a high court action by Princess Stefanie Honenlohe for damages for breach of contract against Viscount Rothermere, the proprietor of MILITARY the "Daily Mail" and other papers.

Mr. Gilbert Beyfus, counsel for the Princess, stated that the action was brought primarily to vindi cate the Princess's reputation and expose the falsity of certain libels in the French, German and Viennese press.

The Princess first met Viscount Rothermere socially about 13 years ago. One day she suggested that he should start a campaign to inform the British public of Hungary' wrongs.

Lord Rothermere accepted the suggestion and in June, 1927 an article appeared in the "Daily Mail" entitled "Hungary's place in Sun," which became so famous Hungary that its anniversary been celebrated ever since.

"LITTLE FATHER"

Mr. Beyfus declared that Lord Rothermere became known as the Little Father of Hungary and nearly every town in Hungary, including the capital, had an avenue, square or park named after Lord Rothermere.

In 1932, Lord Rothermere proposed that the Princess should become his personal foreign polltical representative, saying that he had decided to work for the restoration of the Hohenzollern Habsburg dynasties. He offered her £5.000 and expenses. Mr. Beyfus added that the Prin-

cess accepted the position and thereafter acted as ambassadress for Lord Rothermere, who later corresponded with the ex-Kaiser, the ex-Crown Prince, Hitler, the Hungarian regent and the Prime Minister of Hungary.

NEGOTIATIONS IN POTSDAM

The Princess visited the ex-Kaiser and advised Lord Rothermere to have no further dealings with him, but negotiated with the Crown

When Lord Rothermere went to Germany he promised the Crown Prince that he would do his best to support the restoration

of the Hohenzollerns to the throne of Germany.

At a later period a number of articles appeared in foreign newspapers accusing the Princess of espionage on behalf of Lord Rothermere who advised her to ignore them.

LARGE PAYMENTS Just before Hitler became Vice-Chancellor she obtained a letter from the ex-Crown Prince explaining his views with regard to the political situation.

In June, 1933 the Princess saw Hitler, at Lord Rothermere's suggestion, and the following. year she obtained from Hitler an invitation for Lord Rothermere to visit him in Berlin.

During the five and a half years, Lord Rothermere - paid the Princess £46.000.

At the end of 1936 she secured for Lord Rothermere an invitation from Hitler to visit Berchtesgaden and she escorted him thither.

At the time of the Coronation, the Princess introduced Lord Rothermere to Capt. Wiedmann, personal adjutant to Hitler.

SUDDENLY DROPPED

In January, 1938, Lord Rothermere sent the Princess to Berlin to see Hitler about a certain Hungarian matter and to discuss with Hitler the question of the return of colonies to Germany. She carried out these instructions.

Some months later, Mr. Beyfus alleged, Lord Rothermere dropped the Princess without a single word whereupon she began legal proceedings.

The Princess gave evidence in sup- offer. port of Mr. Beyfus' statement and the hearing is continuing to-day. -Reuter.

CANADIAN WAR LOAN

Ottawa, To-day. Canada is planning a national organization to carry out publicity for its public war loan, whose details are, however, withheld.

It is reported that it will carry an interest of 3.5 per cent and is likely to be opened with an issue by the Government alloting \$250-300,000,000. -Reuter.

APPROVES

(SPECIAL TO "CHINA MAIL") Oslo, To-day.

- Havas

FRANCE BARRIER

Chungking, To-day. The Government of French Indo-China, is to lift the restrictions governing the removal of Chinese goods from Halphong.

This action is welcomed in Chinese circles here as a "further proof of the willingness of the French and French Indo-China Governments to assist China in her war of resistance.—Reuter.

BLACKMAIL **EXPLAINS**

(SPECIAL TO "CHINA MAIL")

Paris, To-day. French press opinion is unanimous that the Belgo-Dutch mediation appeal will

"Petit Parisien" writes: "Germany has used all means to increase pressure on Belgium and Holland in what amounts only to diplomatic and military blackmail.

"As to Belgium and Holland themselves, it would not be fair to criticise them, as their position is understandable.

"One should even pay a tribute to their peaceful spirit and humane feelings.

NO BENEFIT

"However, a peace on Nazi terms would not benefit the neutral countries which would be reduced to slavery.

"Britain and France are fighting the Nazi Reich for the independence and freedom of the neutral States of Europe." - Reuter.

BRITAIN AND FRANCE

(SPECIAL TO "CHINA MAIL")

London, To-day. Consultations are going on with Paris in connection with the Belgo-Dutch mediation

The French Ambassador, M Charles Corbin, interviewed the Foreign Secretary, Lord Halifax, twice yester-

It is understood that the question is more regarding the shape of the answer to be given than the substance, which will repeat Mr. Chamberlain's declarations on the motives leading to the war and the conditions on which the Allies would lay down their arms, — Havas,

AMERICAN DOUBTS

(SPECIAL TO "CHINA MAIL") ... New York, To-day.

The press is doubtful of the chances of success of the Belgo-Dutch offer of mediation.

The "New York Herald-Tribune" writes that no peace negotiations are possible unless with King Haakon of Norway has wired German government. Queen Wilhelmina and King Leopold: "The "New York Times," "I express the most vivid hope that mitting that immediate seace to your peace appeal to the belligerent ferable rather than a lengthy powers will lead to friendly nego- nevertheless stresses that "no charge tiations and a just and lasting peace." has occurred warranting the success of the offer of mediation, whitewas.

Dine at the

arisian

NOW AIR-CONDITIONED

Good Food

Fine Wines

Dinner and Dance Music

THE BLUE DANUBE

Open till 1 a.m.

10, Queen's Road, C.

Telephone 27880.

FRANK STATEMENT BY MR. CHURCHILL ON LOSS OF "ROYAL OAK:" TOO ASSURED

London, To-day. THE NAVY'S BITTER lesson from the sinking of the "Royal Oak" in Scapa Flow was admitted by the STRATEGY First Lord of the Admiralty, Mr. Winston Churchill, in a statement in the Commons last night, OF THE WAR in which he gave further details of the loss of the battleship.

Mr. Churchill said it was now established that by Mr. Hore-Belisha yesterthe "Royal Oak" was sunk by a German U-boat day at a private joint meet-which penetrated the defences of the landlocked ing of the Conservative Prianchorage at Scapa Flow.

Neither the physical obstructions, such as nets or patrolling craft, were in that state of strength and efficiency required to make the anchorage absolutely fool-proof, as it should have been, augmented reserve in the Middle East against the attack of a U-boat on the surface, or half-submerged at high water.

Measures had been taken and were by the Ark Royal which the German being taken to improve the physical Wireless has sunk so many times. obstructions, and it was the more necessary, while those defences were incomplete, that patrolling craft should have been particularly numerous.

But, went on Mr. Churchill, from a variety of causes connected with the movements of the Fleet, those patrolling craft were reduced below what was required.

defence.

"I must content myself by saying that the long and famed imwhich were present."

"An undue degree of risk was ac- | hind. cepted both at the Admiralty and in the Fleet.

NONE BELIEVED

"No more striking measure of the strong sense of security against U-Boats which covered Scapa Flow can be found than in the fact that | after one torpedo had struck the "Royal Oak," none of the vigilant, experienced officers aboard her conceived that it could be a torpedo.

"Danger from the air was the first to be apprehended and large numbers of the crew took their air rald stations under armour. and were thereby doomed, while, at the same time, the Captain and Admiral were examining the alternative possibilities of an internal explosion.

"It was in these conditions that a second volley of torpedoes was dis-

charged." The Admiralty, upon whom the broad responsibility rests are resolved to learn this bitter lesson, namely, that in this new war, with its many novel complications, nothing must be taken for granted and that every joint in our harness must be tested and strengthened so far as our resources and ingenuity allow.

MORE ASSURANCE

"What I told the House under much reserve six weeks ago, I can now repeat with much more assurance, namely that we are gaining a definite mastery over U-boat attack.

In the second four weeks of the any time. war British tonnage lost by enemy action was 72,000 tons, less than half the amount lost during the first war, Royal Navy have suffered a weeks, and, against that loss, we may greater loss of life than all the other set 52,000 tons captured from the forces, French and British, on sea, enemy, 27,000 tons purchased from land and air combined. foreigners, and 57,000 tons of newly | Every loss inflicted on us by the built ships, leaving, in these four enemy has been at once announced. weeks, a net gain of 64,000 tons.

war our net loss in tonnage has been | H.M.S. Oxley, has been destroyed by less than one-thirtieth of 1 per cent. an accidental explosion in circums-ARK ROYAL'S ANSWER

"It is interesting to note that one inadvisable at the time. of the most valuable of the recent | The war at sea, in fact, has been | prizes was captured from the enemy the only war which has been pro-

"When I recall the absurd claims that they have shouted to the world, I cannot resist saying that we shall be quite content to engage the entire German Navy using only vessels which they have declared they have destroy-

"More than 10 million tons of cargo has been brought into the He was unable to enter into details | country in the first eight weeks of for a full explanation would reveal war and less than a quarter of a to the enemy matters which would million tons has been lost. But over throw light upon the methods of 400,000 tons of cargo consigned to Germany has been captured.

FIGURES DIFFICULT "Turning to the offensive against munity which Scapa Flow had U-boats Mr. Churchill said that it Quinn will appear for accused. gained in the last war had led to a was very difficult to give assured too easy valuation of the dangers figures because many marauders sunk in deep water left no trace be-

> But it would be a fairly sound | Road. and conservative estimate to say that the losses of the U-boats had ceeding on a full scale, but the week.

"We must assume that perhaps taking place at sea. two new U-boats have been added to the hostile strength every week and In addition to U-boat attacks we amount to 20.

"At any rate our expectation is] that we must face 100 U-boats avail- two, so-called pocket-battleships have able in January whatever losses have been out on the Atlantic trade routes occurred in the interval.

BIG STRUGGLE

before us.

moving forward on the largest scale make any capture worth considering. and three times as many hunting An aggregate of 10,000 tons had tant. craft are now at work as at the out- | been sunk so far compared with 212,- | break of war and very large rein- 000 tons by U-boats. forcements of vessels especially adapted for this work will flow in increasingly from the Spring of 1940 warning because the element of risk and onwards.

"Therefore it would seem that judged upon a material basis alone we may face the future with confidence.

"We are exposed to a form of attack justly considered abominable but we are making success. ful headway against it.

"I must warn the House again that continual losses must be expected. No immunity can be guaranteed at

OPENING PHASE During this opening phase of the

In addition, since the outbreaking "During the first eight weeks of of war, one of our submarines,

tances which made its publication.

GENERAL

London, To-day.

vate Members' Committee and the Army Committee. The War Minister emphasised that | in addition to the considerable forces

already in France, there existed an

and the troops in India. He also referred to the garrisoning of overseas stations by an increasing proportion of local troops.

He added: Thirty-two divisions is not the limit of our land forces and we are looking forward to the arrival of the Dominions contingents. -Reuter.

Bail in sums totalling \$11,750 was granted by Mr. Q. A. A. Macfadyen authority. this morning to six employees of the another man and a woman when they appeared, on remand, on 18 bus tickets.

Mr. C. A. S. Russ and Mr. S. Ng

Mr. Poy's car, No. 1923, stolen a 4 a.m. on Thursday, was recovered at 10.15 p.m. yesterday in Fokfulam OF BRITISH

been between two to four in every House would not suppose that losses were the only events which were SURFACE RAIDERS

in 10 weeks of war this would have to face the menace of surface raiders.

It is certain that one, and possibly during the last six weeks, but what is remarkable is that although these "It will be seen therefore that a powerful vessels have being lying in big and unrelenting struggle lies wait for the stream of convoys crossing the Atlantic, they have not been "For this our preparations are able or have not dared, so far, to

NOTE OF WARNING

Mr. Churchill struck a note of was never absent.

Hitherto, however, not only had the U-boat campaign been controlled but also attack by surface raider both by warships or armed merchantmen have not developed in any serious way.

able contribution of the French Navy and said it seemed a wonderful thing his usual Thursday statement on the when France was making so great an war in the Commons,-British Wireeffort upon land that she could at the less. same time offer to the Allied cause so

as far as the sea was concerned they outside the east gate of Taikoo would be well. - Reuter.

BRITAIN AND BULGARIA

London, To-day. It is officially announced that Notes have been exchanged between Lord Halifax and the Buigarian Minister in London embodying an agreement to facilitate trade between Britain and Bulgaria.—Reuter.

The general strategic posi- CHINA NOTE KELUSED

SHANGHAI, TO-DAY. THE COMMISSIONER OF THE CHINESE MARITIME CUSTOMS YESTERDAY REFUSED TO EN-DORSE THE ORDER OF LI CHIEN-NAN, SUPERINTENDENT OF CUS-TOMS, FOR THE CONFISCATION OF SOME \$10,000,000 IN CHINESE NATIONAL CURRENCY WHICH ARRIVED ON BOARD THE S.S. PRESIDENT PIERCE FROM HONG KONG.

The Commissioner also stated that the circulars issued to all foreign consuls and businessmen in the city warning them that the Customs Department has decided to prohibit the import and export of Chinese national currency were issued without his

Yesterday, Li Chien-nan attempted Kowloon Motor Bus Company and to obtain the Commissioner's approval for the confiscation of notes but was unsuccessful. The notes have been charges in connection with forged safely delivered .- Our Own Correspondent.

SECRETS

LONDON, TO-DAY. DOMINION MINISTERS SIR ZAFRULLAH KHAN, REPRE-SENTING THE GOVERNMENT OF INDIA. SAW YESTERDAY, SOME OF THE SECRET OF BRITAIN'S ULTRA-MODERN ARMY.

They visited an Army training centre and besides being shown some of the marvels of the latest machanised units they were given a demonstration of the immense. fire power of the infantry.

They watched a mock battle in which a kilted regiment advanced with Bren guns and smothered with a hail of fire targets 500 yards' dis-

In the middle of the demonstration the gas alarm was given and the infantry donned masks maintained the attack.—Reuter.

PRIME MINISTER GUILDHALL TO-DAY

London, To-day. The Prime Minister, who will be Mr. Churchill spoke of the remark- speaking at the Lord Mayor's luncheon at the Guildhall to-day will not make

powerful a reinforcement on the sea. Mr. W. D. Gardiner, driving in Concluding Mr. Churchill said that King's Road yesterday, accidentally after the ninth week of the war that knocked down Poon King-po, 71, might cherish good hopes that all | Dockyard. The man was admitted to the Queen Mary Hospital.

ANATOLE ZAITZEFF & CO. FURRIERS: 14 QUEEN'S ROAD. THE NEWEST - THE BEST IN THIS SEASON'S FURS. INSPECTION INVITED.



Equirrel --- Ermine ---N. A. Skunk ---- Nutrie Tel. Steam Acia Life Bide.





Columbia



RECORDS BY DEBROY SOMERS

"STEALING THRO' THE CLASSICS"

DX 237 No. 1 THE MASTERS.

DX 262 No. 2 OPERA.

DX 283 No. 3 ORATORIO.

DX 310 No. 4 OVERTURE.

DX 366 No. 5 BALLETS.

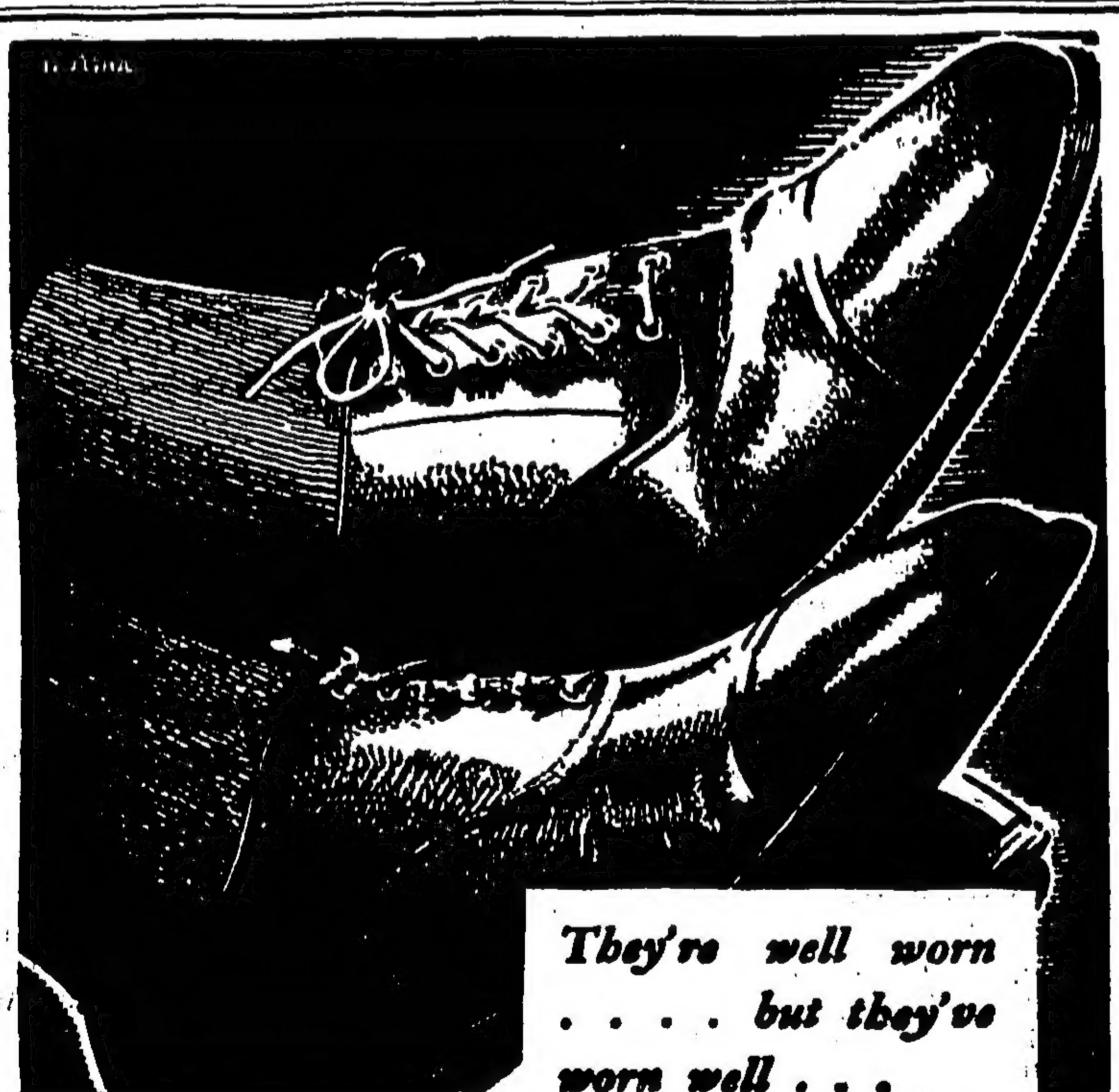


THE ANDERSON MUSIC COMPANY, LTD.

ICE HOUSE STREET

PHONE 21322.









BLACK

POLISHES

Polishes, Protects and Preserves.



WIRROR OF WORLD OPINION

WHAT IS WANTED

What is wanted is friendship, no payment. What form the British response should take might well be worked out by consultation. In their present mood Indians would not strain at entertains for the other. the method so long as they could accept the aim and recognise the honest intention to achieve it. First and foremost, a British gesture is required, a declaration that will focus the goodwill that has surged up in India since this country has been engaged in war. In fact, Congress is looking to the British Government to provide what so many people in this country are demanding — a sign that England is taking to arms not merely in defence of interests but in the hope of creating a better world order out of victory. We may yet have cause to be grateful to Pandit Nehru for pressing us to face the larger issue. The doubt that prompts the pres-

days that the road was the right one. Britain in that direction. It is exactly one hundred years since A glance at the contents of the Lord Durham in his report on Can- agreement shows that the six items ada advocated full self-government as which constitute the agreement point a cure for rebellion. Only ten years to the approval on the part of Kulangago Sir Austen Chamberlain told the su Municipal Council of almost all the then Premier of Egypt that Britain original claims raised by the Japanese. "could not recede" from the position This would make one easily perceive "in which God had placed her," yet that if the Municipal Council author-Egypt is to-day both free and friend- ities had not used too much bargainly. What is now needed is a frank ing tactics from the outset by underassurance to India that the free and standing Japan's reasonable claims, equal association of nations is the ob- the issue would have been readily setject of British policy and the very tled much earlier. True, among the ideal that England is fighting to es- items of the agreement there are some tablish. It is no more than the truth, whose actual enforcement has been but truth must out. The Government reserved for the future for financial must act now with decision, with po- reasons. But those items even are that we proclaim to be our guiding enforced sooner or later without any principle; this is no time for pettifog-difficulty if the Council authorities ging caution. The words of Queen are so disposed.

Victoria to another generation of Indians should be remembered to-day —"In their prosperity will be our strength, in their contentment our security, and in their gratitude our best reward." — "Manchester Guardian."

A BLUNDER

"Ever since the end of 1933, when the United States entered into diplomatic relations with the Government of Saviet Russia, Kremlin spokesmen have worked overtime to maintain friendly relations Washington.

During the past week there has been a sharp change "Tokyo Asahi Shimbun." in the tone and attitude of the Soviet authorities.

"In place of gushing friendliness there is now a marked hostility. "It 'nll 'started with the German seizure on the Atlantic of the American merchantman "City Of Flint."

the German and the Soviet Governments blunderedly badly the former by seizing an American ship, the lat- through violence and respect the rights ter by allowing it to be taken by a and genuine vital interests of the na-German prize crew into Murmansk. tions so that a sound political equili-Each has been trying to pass the brium and reign of international law buck" to the other. It is also not can subsist on the Continent.-"Le unlikely that both Hitler and Stalin Temps," Paris.

are trying to exploit the incident with a view of worsening each other's relations with the United States, for this Hitler-Stalin partnership is characterised by nothing so much as the mutual distrust and suspicion which each

"Willy-n'illy, having made a political bedfellowship with Hitler, Stalin finds himself dragging along at Hitler's coat tails. It must have been highly embarrasing for the "neutral" Stalin to have a German prize crew bring an American ship into a Soviet port. He could hardly have refused the vessel admittance. That would have angered Hitler and weakened a partnership which Stalin is fearful of breaking-at present."-"China Weekly Review," Nov. 4.

COMPROMISE

The long-pending Kulangsu issue sure cannot be really justified, though was settled amicably by exchange of the Government has by its past ac- ratifications of the agreement contions helped to rouse it. This coun-cluded between the Japanese and the try may have been forced to go to war Kulangsu International Settlement auin order to ensure its own survival, thorities. The event signifies a good but once engaged it is determined to deal because it indicates a compromise use the triumph of arms for which it on the part of Britain in particular hopes in organising the triumph of who had assumed the stiffest attitude reason among the nations. The Bri- of all the interested Powers. One tish Empire has already gone far in potent cause of the present solution of the progress from Imperialism by this issue, however, is the recent outway of trusteeship to free association. break of the European war, which The Dominions have proved in these has had to engross the attention of

litical wisdom, and with the justice confidently expected to be actually

The solution of the Kulangsu issue in itself makes an event to be heartily congratulated upon for the sake of maintenance of peace and order in the same International Settlement. But at the same time it signifies a great deal as a "test case" leading to future solution of similar issues pending between this nation and the Powers in China. For instance, the present solution of the Kulangsu issue furnishes a good example to be followed at least in the case of Shanghai and Tientsin.-

THE VILLAIN

it is a common thing for men

who believe in peace to em-

phasize the stupidity of war.

We tend sometimes to think that

peace is so easy, war so brutal

and insensate, that we should

never have an armed conflict

were it not for the fact that the

statesmen and rulers of the

world are so unbelievably wick-

ed and foolish. Peace workers

are at their worst when they

pursue this argument. Their

search for the villain in the

drama has never been markedly

diplomats, some the munition

makers, some the international

bankers and financiers. It is

only necessary to know a few

diplomats, a few munition mak-

ers, or a few international bank-

ers to realize how wild and how

unjust these accusations are.

Dr. Frank Aydetotte.

auccessful.

Some blame the

FRENCH DEMAND ON GERMANY

No one has ever asked Germany to "The fact of the matter is that both renounce defence of its vital interests. What is demanded of her is that she gives up her methods of expansion

BRITISH VIEWS MADE CLEAR

London, To-day. THE OFFER BY QUEEN Wilhelmind and King Leopold of their services as intermediaries for peace took London by surprise.

Nevertheless, the humane motives which prompted their action in addressing this appeal for peace to King George, the French President and the Reich Chancellor are fully appreciated, and coming from such a quarter the proposals are assured of careful consideration.

The appeal reached Buckingham future undertakings." Palace during a dinner party given | The "News-Chronicle: "So long as by the King and Queen to delegates the aggressor is in possession of his from the Dominions and India now prey, so long as he repudiates the in London and their wives. The right of anyone but himself to be Prime Minister and Mrs. Chamberlain, concerned with the freedom of his the Dominions Secretary and Mrs. smaller neighbours, so long as he Eden and the Duke and Duchess of denies the fundamental rights of in-Devonshire were also present, and dividuals and of States, the only it is understood, the appeal from the answer we can give to an anxious Hague was discussed between the and well intentioned suggestion King and his statesmen.

Ministers yesterday. Meanwhile, press comment offers a clear indication of how the public regards this invitation. "The Times" says the fact that the Netherlands and Belgian monarchs, whose joint offer of their services as intermediarles on the very eve of the invasion of Poland, was rebuffed by the arrogance of Hitler, can even now nourish some degree of optimism, will not be regarded lightly.

HONOURABLE PEACE

The "Daily Telegraph" says "Lasting peace must be an honourable peace and at the present there is no sort of evidence that the conditions of an honourable peace are obtainable. It is not as if the present conflict were the result of a misunderstanding which could be cleared up in conference. It is the result of irreconcilable antagonism of faith Soviet Embassy in Berlin, where and purpose.

"As Lord Halifax well said our tion. resolve is not only to protect the Goering also attended the recepfuture from a repetition of the in- | tion which celebrated the 22nd. anjuries which German aggression has niversary of the bolshevik revoluinflicted on Europe in these last few | tion. year but also, as for as we can, to repair the damage successively of American aeroplanes to the Allies, wrought by Germany upon her weaker | Goering told correspondents: "If our neighbours."

"When the wrongdoer shows a readiness to abandon his aggressions and renounce the ill-gotten rewards of them, it will be time to talk of discussing with him the foundation of a lasting peace."

NO FALTERING

"If this country were to falter now, it is not its own freedom and security that would be put in jeopardy. It is the freedom and security of all those peoples in the world who, unable to make head against aggression, look to this country to stand in the path of the aggressor and to say that unbridled force shall not dominate the world.

The British Empire never stood for a higher and nobler cause and to desert that cause would rob the Empire of its proudest and most unassailable justification for persistence."

RESTITUTION IN DEED

The Daily Herald says:-"Britain and France are no less sincere in their desire for peace, but it must be a peace on terms which are consistent with honour and will assure an end to aggression. Those terms the Prime Minister has already stat-Czechoslovakia. If Germany would first withdraw her troops from Poland and Czecho-Slovakia, Britain tending roughly from Amsterdam to and France would be prepared to Utrecht, filled by the waters of the discuss terms of a peace settlement. Zuider Zee will once more serve as There would be no harm in using the | Holland's historical defence. Wellgood offices of Belgium and Holland informed quarters state that the tone in order to make that clear to Hitler once again."

tic-terms are well known. They are cusing Belgium and Holland of being that Germany should relinquish the Britain's vassals and threatens them gains of aggression and give firm with the Reich's "protective meaguarantees of her intention to

from Holland is to refer to our con-It was under the examination of ditions and to stand fast.—British Wireless.

NO OTHER REPLY EXPECTED

London, To-day. A German reply is considered unlikely in Berlin, in view of British and French press reactions to the peace appeal.

Hitler left for Berchestesgaden on Tuesday night and spent the night there before going to Munich yesterday afternoon.—Reuter.

MAKES SPEECH AFTER CONFERENCE

Berlin, To-day. After receiving the telegram containing the Belgo-Dutch mediation offer, Hitler recalled von Ribbentrop, the Foreign Minister from the Ribbentrop was attending a recep-

Questioned regarding the delivery production of planes is not quicker than America's we must be very feeble."

Ribbentrop and Hitler had a lengthy conference on the peace proposals before the Fuehrer went to Munich for the Nazi putsch celebrations.—Reuter.

(SPECIAL TO "CHINA MAIL") Amsterdam, To-day.

Revealing the absence of faith in successful outcome of the peace initiative, the Government has ordered a large number of additional districts to be prepared for flooding as a precaution against any eventuality.

On receipt of these instructions, ed, must include actual restitution the authorities in Utrecht Province by Germany in deed and not word took measures to flood at a minute's for the damage done to Poland and notice, the main highways leading from east to south Holland.

The famous natural waterline, exof the Nazi Press in the past few days justifies every apprehension.

The "Daily Mail:" The "Democra- | The German papers are now acfulfil sures." - Havas.



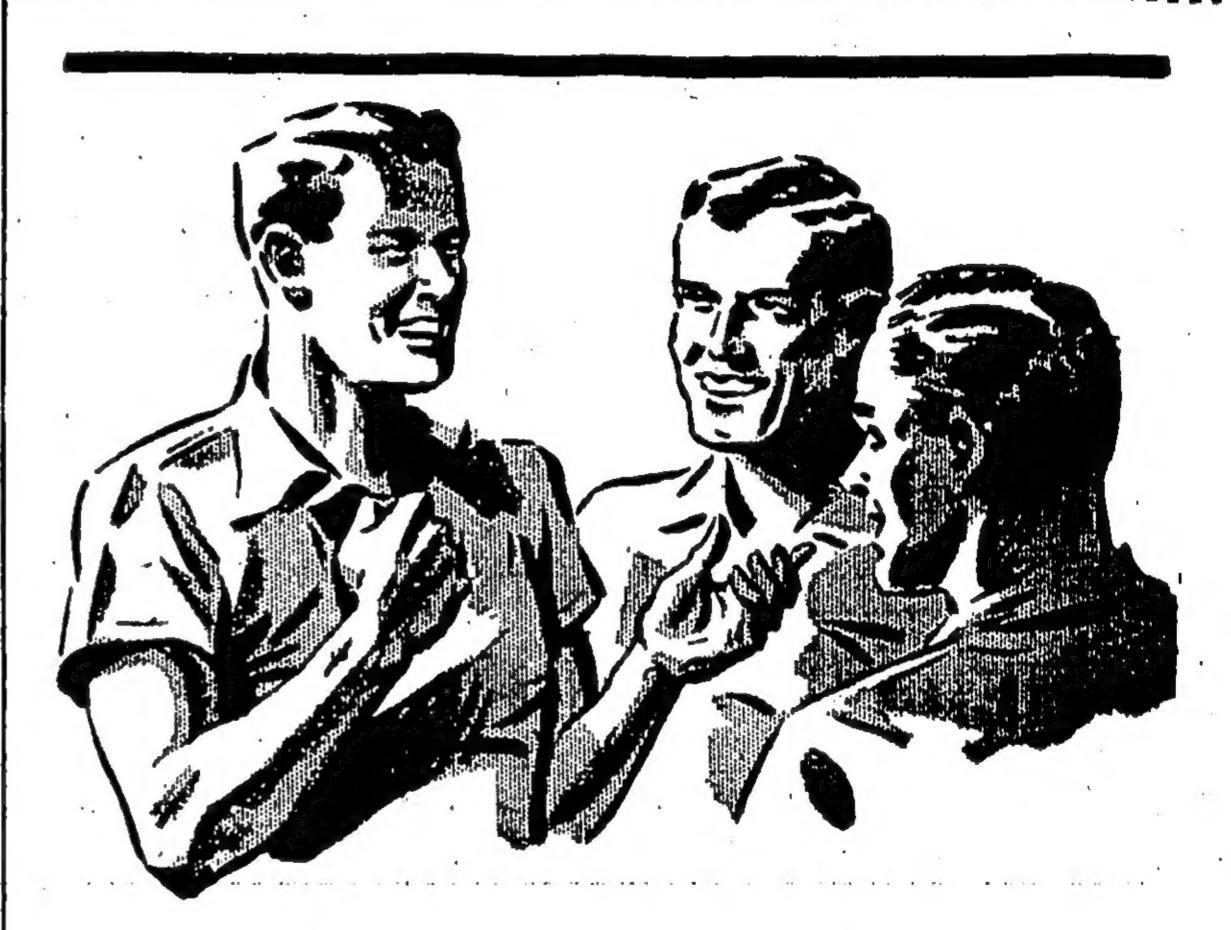
IMPORTED LOBSTER TAILS

(EX HEAD AND FEET)

FRESH 78 cts. lb. COOKED \$1.10 lb.

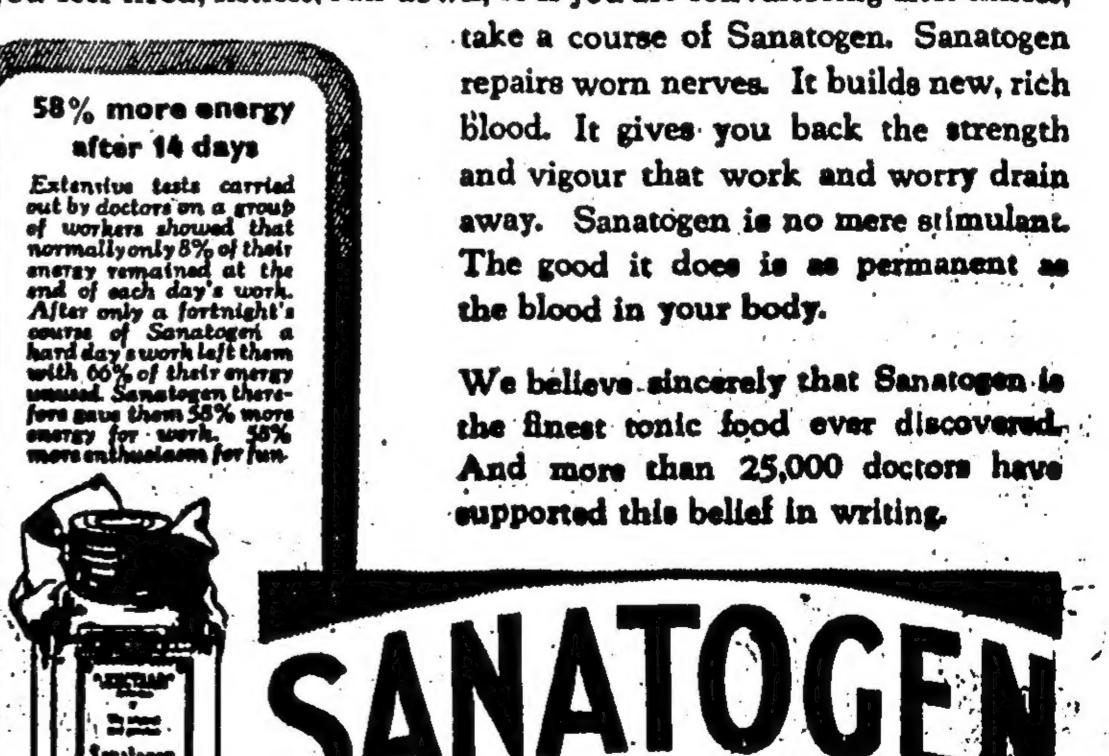
THE DAIRY FARM, ICE & COLD STORAGE CO., LTD.

Pure Food Specialists.



"And now I am a NEW MAN again-thanks to SANATOGEN"

How many times have these words been spoken by grateful men all over the world! Grateful because Sanatogen has brought them a carefree feeling of exuberant health that they have not known for years. If you feel tired, listless, run-down, or if you are convalescing after illness,



THE TRUE TONIC FOOD

Obtainable of all Chemists and Stores



No other whisky combines so rare a fragrance with such mellow smoothness; no other is quite so soft, so round, so genial. Perfect blending and slow maturing have made White Horse Whisky the equal of a fine liqueur.

The millions of gallons of finest Scotch whisky matured and maturing ensure that the quality of White Horse never varies.

WHITE HORSE WHISKY

Sole Agents for South China: JARDINE MATHESON AND COMPANY LTD.

NIGHT GLASSES

have unequalled light-gathering powers.

GEORGE FALCONER & CO., LTD.

PEDDER STREET.

TELEPHONE 22143.

EAT AT -

Jimmys Kitchen

INEXPENSIVE SATISFYING

INCOME TAX DEBATE

(Continued from Page 1) traordinary for 1940-41, namely, item 11, 14, 15, 19, 21, 22 and 23, is over payer in future Budgets unless we are from starting here. to leave those Works in a state of sus-

the Budget, on the 12th October, the was mooted, abandoned the idea. said:—

lie before us."

AN ADMISSION That statement of the Financial affairs being pried into. Secretary I regard as an important admission that certain desirable items In the Taxation Committee's Reof expenditure were excluded from port mention is made of the probable circumstances which lie before us," of income tax, but no consideration and nobody who is acquainted with seems to have been given to the adthe circumstances of Hong Kong will ditional cost of book-keeping, records, dispute that there are many other legal advice, chartered accountant's public works which we would like to fees, etc., that will have to be borne have carried out if finances permit- by any business in order to comply ted. This seems to me a very strong with the requirements of the Tax. argument not only against our send- We have been told that income tax ing home as a War Gift a sum of more is enforced in Ceylon, but, with all than three million dollars but also a due deference, that fact is wholly irvery strong argument against the im- relevant, as conditions there are so position of a tax like income tax, entirely different from those existing which will seriously upset Chinese in this Colony. capitalists and industrialists in this Colony.

VISIT TO KWONG WAH

Wah Hospital and found that it was badly overcrowded, with, in some cases, two patients occupying the same bed. Also I found over 200 patients quartered in four matsheds in the grounds, who are exposed to serious danger in case of fire.

In these circumstances it is obvious that more hospital accommodation for several hundred patients ought to be built as soon as possible, involving a probable expenditure of about two million dollars.

I am confident that Your Excellency, who has Public Health matters in this Colony so much at heart, will agree that this is a responsibility which rests upon the Government and that these new hospital buildings ought to be erected as soon as possible.

my speech, which is that, for the purpose of making a gift to the Imperial Government, other taxes which would not involve the risk of injuring the trade and prosperity of this Colony ought to be substituted for income tax.

BUSINESS ATTITUDE

In the opinion of responsible business men of this Colony the imposition of income tax would be a disastrous form of taxation to adopt, for it is the unanimous opinion of the Committee of the Hong Kong General Chamber of Commerce, and of the Committee and Members of the Chinese Chamber of Commerce, that they are not in favour of the institution of income tax in this Colony.

income tax. the consideration of an income tax being widely spread, such as:bill in view of the fact that those British and Chinese Experts have unanimously expressed themselves as being'i

opposed to Income Tax.

CHINESE MENTALITY Anybody who understands the menthree million three hundred thousand tality of the Chinese must realise that dollars, whereas the amounts now be- such a measure as income tax would ing voted for commencing those works | be likely to cause the flight of capital total no more than two hundred and from this Colony and to prevent new fifteen thousand dollars. The big dif- remittances from being made to Hong ference between the above amounts Kong and also that it would probably will have to be made up by the tax | deter new factories and enterprises

In connection with this latter point pended animation for the wholly un- I may mention that I have been inknown and uncertain duration of the formed recently that certain Chinese, who had intended to start steelworks (3) In his speech in this Council on in this Colony, have, since income tax

Honourable the Financial Secretary Other objections to income tax are that it would involve the trouble "In preparing the final draft a and expense of having numerous Chinumber of items of new expenditure nese account books translated into which it had originally been desired to English, and that its collection would include were deleted in order to avoid involve the employment, at considerbudgeting for any substantial deficit able public cost, of a large staff of in the uncertain circumstances which new Government officials, and that the Chinese have strong objections to their private, family, and business

COST OF ADMINISTRATION the Budget because of the "uncertain cost to Government of administration

I fear that Your Excellency, in your desire for this Colony to make a contribution towards the War Gift to the Imperial Government, has not quite A few days ago I visited the Kwong appreciated those serious objections to income tax which I have indicated and which will no doubt be stressed by other Unofficial Members. It is hoped, however, that Your Excellency who, in the course of your two years' administration of this Colony, has earned the thoroughly well-deserved reputation of being able to consider every side of a question, will, with the same impartiality, consider the arguments which are now being urged against the imposition of income tax, together with the suggestion that alternative taxes be imposed.

COMMITTEE'S TASK Your Excellency has recently appointed a Committee to go into details of the Income Tax Bill proposed by Government, and I understand that, I now pass on to the main theme of in that letter of appointment, it was stated that Government was "willing to give full consideration to alternative methods of raising revenue." I have been informed, however, by the Government, that that remark does not mean that the members of that particular Committee are to be at liberty to suggest any alternative methods of taxation. Accordingly I venture to suggest that Your Excellency should now appoint a Committee for the purpose of considering alternative methods to income tax for raising revenue for the War Gift to the Imperial Government. On that Committee I should be glad, if considered eligible, to serve.

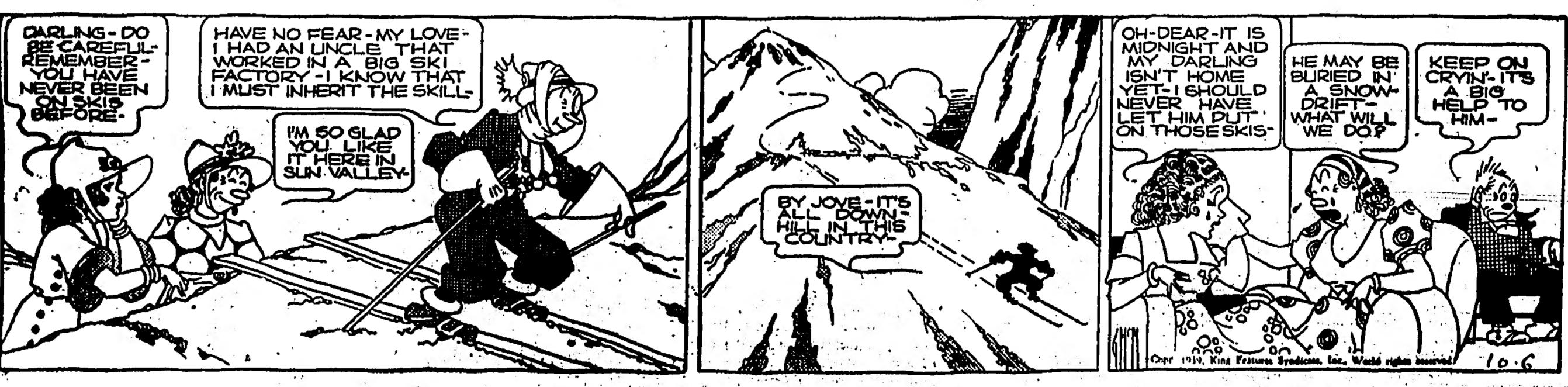
ALTERNATIVES That Committee would no doubt be My Unofficial colleagues on this able to recommend many suitable al-Council are unanimously opposite to ternatives to income tax. In the meanwhile I suggest some possible alter-I confess that I find it very difficult | native methods of taxation, which to understand what justification the have the merit of being easily col-Government has for proceeding with lected, at small expense, and also of

A percentage on every electric light

and power bill. (Continued on Page 11)

Bringing Up Father

By George McManus



CHINESE BUSINESS MEN'S SECRETS

(Continued from Page 10)) A percentage on every gas bill. A percentage on every telephone bill.

Public Limited Companies in ing with the matter. Hong Kong.

NEW COMMITTEE PROPOSED On behalf of all the Unofficial Mem. bers of this Council. I desire to state that Income Tax is, in our opinion. detrimental to the future of this Colony, and to request Your Excellency to appoint a Committee to consider and report on alternatives to Income Tax, for the special purpose of raising revenue for the War Gift to the Imperial Government.

It is my earnest hope that a just and wise solution of this taxation for our own deliberations. ought to be a free-will offering from this Colony will go Home with the

THE CHINESE VIEWPOINT

The Hon, Mr. T. N. Chau said:—As

As regards the war budget, it is first of line in furnishing replies to a number of ity to dispel any impression which practical difficulties in the institution would depend only in part on the inany reluctance to raise a special capi- cularly to certain preliminary and from public investments, public or Honourable friend, the Financial the Imperial Government. The sug- These include the absolute necessity perties, mortgages, salaries, (which are randum on the Financial Position 1938, gestion that the comments or even for a detailed investigation of the a matter of record by employers), and 1939 and the Estimates for 1940-1941", criticism, however strong, might be whole field with the assistance of an all income which is remitted from to which I shall have occasion to refer construed as revealing any general at- "expert", and to this I would person- abroad and which passes through re- again, remarks: titude of antagonism by the Chinese, ally add the maintenance of numerous cognized channels such as Banks. fortunately comes from a source which experts, far beyond the preliminary we have all learnt to regard as com- or introductory stages. And further tion of these channels such as Banks.

"As last year, the revenue for the wear and the proportion of the proportion of these channels such as Banks."

Whilst not agreeing that the proportion of the proportio tematic distortion.

"UNEQUIVOCAL"

As representing the Chinese community, and by that I mean not only those whose loyalty arises from their British birth but all who have enjoyed for either longer or shorter periods like to hear before this matter prothe privileges of citizenship in this Colony, I have to refute in the most can assure us how successfully Income unequivocal terms that such opposition, as has already been voiced why it has failed amongst Chinese where income is derived merely from under the proposed War Budget, I to share in full measure whatever sacrifices which are being claimed from all citizens of the British Empire. go further and say that far from the adoption of any hesitant attitude towards the raising of a special war contribution by this Colony, it is the general desire of the Chinese community to see that in due course such a contribution be made and in a manner which will be worthy of and do credit be guaranteed from its initiation, is a to the loyalty of all sections, of the community of this Colony.

CHINESE ATTITUDE

The Chinese community is far from being insensible of the urgent and special financial needs of the Colony, and they realise that these call for consideration of new methods of raising revenue.

The opposition to the introduction of Income Tax which it is my duty to emphasise, is based on the firm conviction that its practical implication is so fraught with difficulties, that it will not only fail in its object but may bring in its train repercussions and complications in spheres which might not normally be associated with the

collection of revenue. Were the difficulties with which we are faced only of a practical nature I would consider any form of opposition which did not attempt to offer any solution as being inadequate, but cognizance of general profits on enteras I am convinced that this revolu- prise. tionary method of raising revenue in this Colony is going to place us in a position where not merely the pros- sued a combined Balance Sheet and perity but the whole financial struc- Income Tax and Expenditure Account ture may be imperilled, I must depre- in which what is considered as . the cate even prolonged considerations capital may be increased or decreased directed towards solving the var- but in which the "profits for distribuious practical difficulties, many of tion" as such are not shown. which have been already voiced by To those who claim that the inpublic bodies and in the Press.

"PSYCHOLOGICAL"

ly or predominently Chinese commun- I In spite of marked and, we hope, disturbance of the calculations and ity has always proved a failure and permanent industrialisation which has estimates which have preceded these as, obviously, there is a reason for this been noted in recent years, the found- wartime investments will undoubtedly A raising of the annual licence fee which might be easily ascertained or, ation of the Colony's business is still involve a consideration of alternatives on the other hand, evade the most vigi- the merchant through whom political when it should, of course, be our object A tax on cinema and theatre tickets. lant inquiry, it is my view that with- business flows from the outside world to retain the advantages which this The institution of a special War sur- out an answer to this question, an an- to and from the mainland. tax on the assessed rateable swer which would enable us to distinvalue of property.

SEPARATE COMPARTMENTS
I endorse the remark made by the
I need perhaps not remind Your ExHon. Senior Unofficial Member that The collection of a percentage on di- countries where the experiment has cellency that the book-keeping for the the unanimous opinion of the Commit-

China itself where the Income Tax er", but there is an additional set of tary for Chinese Affairs. Laws, which had been most carefully books which are kept in "the inner I will conclude, as I began, with an

put forward any theories for these circumstances. failures, but I do repeat that a very We must try to realise that an offi- which the Colony is faced. clear explanation should be the start- cial invasion of the "inner counter" ing point and not an incidental matter means to a Chinese business man a

NOTE OF CAUTION

may have got abroad that the motive of Income Tax relating to questions vestigations of books, and that there behind any opposition that has been which the Committee itself had raised, are considerable sources from which publicly or privately expressed to the a very strong note of caution was reliable and indisputable information institution of a tax on income reflects sounded, and I desire to refer partile is available. These include income The Hon. Mr. M. K. Lo said:—My

we have all learnt to regard as com- or introductory stages. And further, tion of these sources is as large as an- ly on the assumption that the economic the Committee recommended that the ticipated, the ability to tax that source activity of the Colony will be mainimposition of this form of Tax should does not, unless I misunderstand the tained at not far short of its present able opinion in this Colony.

CHINESE AND TAK

The experts whose reports I should ceeds any further, are not those who be responsible for administration Income Tax they would all have to be persons with expert training and much experience.

The hope of obtaining such advice and permanent assistance does not, under existing conditions, appear at all bright. The alternative of procuring officials who have to gain their experience at the expense of the smooth working of the system, which should sure way of maintaining its unpopu-

I am convinced that the majority of the Chinese community believe that it will never be possible to approach that istage at which the incidence of the Tax falls fairly and equitably amongst those who should contribute their more or less towards it. In the Chinese business community the conception of profits on investment differs fundamentally from that which is essential for the assessment of the Tax. I am aware that, there is an increasing proportion of Chinese book-keeping which approaches European methods, but the bulk of Chinese business, whether connected with production or industry or with that preponderance which may be described as general trading, adheres to the systems which, although taking care of the specific profits on output or sales, do not take

ULTIMATE DEFEAT

In unincorporated partnership is is-

formation required for assessments may nevertheless be easily extracted, I feel that in considering the ques- and to those who maintain that a partion of Income Tax in this Colony, tial transition from the present mesense, not merely of scientific but more who are qualified to speak in such particularly of what I might describe matters deny that such transformation as "psychological" economics. We are appears feasible, except perhaps at the faced by the undeniable fact that the expense of much confusion and ultimintroduction of Income Tax in a whol- ate defeat.

had already, as I will admit, a back- taxation or to mislead official inquiry, attacked on the ground that it inflicts ground of very abnormal conditions It is not a question merely of disclo- hardship or strain on any portion of in this Colony, arising out of the Sino- sure of business secrets, of sources of the community. But the opposition Japanese hostilities which had then supply or of customers, but of the to the institution of anything in the breaking down of a traditional ele- nature of a tax on income or profits, That part of their Report which ment in business procedure which has which I now have formally to record, the draft estimates of expenditure for deals with Income Tax cannot, there- been regarded for centuries as a fund- arises mainly from the firm conviction 1940/41 have been carefully consider- fore, be said to have ignored entirely amental form of security, and with it that the disturbing effect of its intro-

a situation, provide any encouragement. level. This may prove to be over oplarge and substantial body of favour- There arise numerous questions of re- timistic, especially since the outbreak funds, rebates and allowances which of the war, but the whole outlook is will have to be considered, as in the at present so uncertain that no other vast majority of cases such class of firm basis for estimating the revenue income will not represent the sole presents itself." sources.

where income is derived merely from under the proposed War Budget,

THE MIDDLE MAN

involved and the records kept by the justify the expenditure. principals in such transaction. In a large number of cases, neither of the principals carries on business in this Colony. Whilst on this question of commission, it must be well known that in each business, and indeed in many private transactions, there are recognised deductions which are not a matter of record but are, nevertheless, an essential.

It would be interesting to know to what extent the preliminary essentials and qualifications made by the Taxation Committee would have been augmented or emphasised had it been asked to report on this particular subject under the conditions imposed on 1938, I was able to show, on the high this Colony through being itself into surmise that what little encourage— that in respect of 1937 the revenue benefited to the extent of over \$4.400.ment that Report may have given to the Government for the introduction of the measure now, would have been replaced by a solemn warning against

REFUGEE CAPITAL

Attention has, been sufficiently drawn to the transitory and migratory nature of the capital-refugee capital, if I may so describe it—which has million. The actual revenue exceedwhere the Chinese business population thods has been envisaged, I would found its way to this Colony in the last led this estimate by \$6,480,985:00, and predominates, we should exercise a make the same reply, namely, that all two years. Investment and enterprise, this excess is attributed by the Finan-

vidends from investments in failed, we are not justified in proceed- average Chinese merchant is divided tee and Members of the Hong Kong into two very separate compartments. Chinese General Chamber of Com-It is known with what little success There is the general recording of merce is adverse to the institution of the attempt to introduce Income Tax transactions with the world at large income tax in this Colony. A copy of in Malaya has met, but what is still which is dealt with by the employees the Chamber's letter has been sent to more important is the evidence from of what is known as "the outer count- Government through the Hon, Secre-

worked out, have proved to be an ab- counter" by the proprietor or partners assurance that the responsible elesolute failure almost from the time of the business maintained under con- ments of the Chinese community are ditions of extreme privacy, to which prepared to assist in every way they I do not think it necessary for me to no employees have access under any can in finding a solution to the urgent and special financial problems with

FIRM CONVICTION Numerous methods of raising regreat deal more than the disclosure venue alternative to Income Tax have of his business secrets. To under- already been suggested, and in their stand this we should appreciate that consideration the Chinese business The Taxation Committee appointed this privacy, which is traditional, has community desires to be not critical cordial and united assent of every by Your-Excellency in October, 1938, no origin in any attempt to evade but constructive. No scheme will be ed by the Select Committee, I person- the unusual commercial and financial would go a degree of confidence which duction and the confusion attendant ally have no observations to make on situation which then existed and might undermine the whole structure on its administration will, by doing

FIGURES BY MR. M. K. LO

With the inevitable dislocations of In this Colony, except perhaps in trade caused by the war, and by the a single source. We are, therefore, confess to a strong feeling that the invariably thrown back, for the pur- Financial Secretary's fear that the aspose of assessment not only of income sumption on which the revenue posibut of allowances, to investigate each tion is based may be over optimistic will, unhappily, prove only too true. I wish, therefore, to state that, in as-As an example of one class of dif- senting, as a member of the Select ficulty, I am reminded of the very Committee, to the Budget now before large proportion of the business trans- the Council, I have paid due regard acted in this Colony by what is known to the Financial Secretary's statement as the "middle man" or commission in this Council on the 12th October, agent, the person who buys and sells 1939 that the programme of Public not for his own account but passes Works Extraordinary and also the money after making certain recognis- many items of special expenditure aped deductions. I would be surprised pearing in the individual Heads of to hear that the total income from Estimates, although approved by this this class of business could be ascer- Council and the Secretary of State, tained, with an approximation to ac- would not be automatically carried curacy, by inspecting all transactions out if the revenue position did not

PLEA FOR CHARITY

The above, Sir, is all that I have to say on the General Rudget, except to renew a plea which has already been made by me in the last two successive Budget Debates in this Council. The plea, Sir, is that Government may be kind enough to make a substantial grant for providing, charitable and medical relief to the Chinese on account of the Sino-Japanese conflict.

As I have previously pointed out, such relief is in a humahitarian cause which transcends any consideration of mere "profit and loss". But, speaking in this Council on the 13th October, authority of the Financial Secretary, benefited to the extent of over \$4,400,-000. by the Sino-Japanese conflict. Since then very striking figures have been revealed by the Financial Secretary's Memorandum, to which I have

already referred. Taking, first, 1938. When the Estimate for Revenue was first framed. Revenue was put at just over 301/4

HONG KONG REVENUE AND CHINA WAR

(Continued from Page 11) pulation due to the same cause."

Medical Department (epidemics and sufferings of the Chinese? larger population \$229,513.00), Head 29, Charitable Services (relief of re-Works Extraordinary (construction of of Commons on October 12th, stated:— sented a somewhat serious decline on fugees \$245,555.00), Head 34, Public refugee camps and acquisition of property \$622,052.00), amounting to \$1,097,120.00.

ferred from Government House and freedom loving countries." \$1,241,736.00.

\$3,758,264.00.

of \$40,475,248.00 shows an excess of \$4,377,923.00 over the original estimate, and if the sum transferred from must have such a significance to Civil-Government House and City Develop- isation. ment Fund (\$839,704.00) is deducted from this increase, the increase as shown by the Revised Estimate amounts to \$3,538,219.00.

483.00.

my calculation, amounts to a total of sentation to England of two Service Europe, no useful comparison between Certain foreign currencies from every \$17,080,298.00. The gain for 1940- aeroplanes by certain Chinese resid- the two places from the point of view in the Colonic and contain division and contain division and contain division and contain division are contained. 1941 can only be an estimate, based ents—renders it impossible for anyone of fiscal incidence can be fairly made, in the Colony, and certain duties are on the estimated Budget figures.

The estimated revenue, which "has son why the people of the Colony de" In England the amount spent since Stro-Japanese conflict companies of been estimated generally on the as- sire so keenly to "do their bit" is be- the commencement of this century on the class I have mentioned have sought sumption that the economic activity cause they are animated by sentiments Health, Education, Housing and Social protection from the British Authoriof the Colony will be maintained at which I have just endeavoured to exnot far short of its present level", is press, and not because they agree with Poor Law Relief. Old Age Pension, been refused on the ground that such put at \$50,861,470.00. It is therefore the statement, which has been made Industrial Insurances; etc.—amounts companies, though registered in the fair to assume that the nett gain to the in this Council, that the Colony is to astronomical flaures. From the Colony, are not entitled to protection. Colony arising from the Sino-Japanese lightly taxed, nor because they can primary school to the university. In one case to my knowledge a componitive will not be less than in 1939, regard as otherwise than superficial thence to the highest post in the State, pany incorporated in Hong Kong, panely \$7,298,483.00 while a contract of the colony action to the highest post in the State, pany incorporated in Hong Kong, panely \$7,298,483.00 while a contract of the colony action to the highest post in the State, pany incorporated in Hong Kong, panely \$7,298,483.00 while a contract of the colony action to the highest post in the State, pany incorporated in Hong Kong, panely \$7,298,483.00 while a contract of the colony action to the highest post in the State, pany incorporated in Hong Kong, panely \$7,298,483.00 while a contract of the colony action to the highest post in the State, pany incorporated in Hong Kong, panely \$7,298,483.00 while a contract of the colony action to the highest post in the State, panely action to the colony a namely, \$7,296,483.00, plus a quarter the comparisons, which have also been the path is open to the path is a "British Subject" as defined the path is open to the path is open to the path is a "British Subject" as defined the path is open to the path is open to the path is open to the Regulation, has properties in with brains. Here is a pen-picture of by the Regulation, has properties in 1941—\$1,824,120.00 making a total of this Council, between the 1941=\$1,824,120.00 making a total of crushing burden laid on the British post-war England by Professor II. A. Canton, Swatow and Toishan, which \$9,120,603.00, less any increase in expanser and the light burden impospenditure attributable to the same ed on the Hong Kong tax-payer, the latter, as shown in paragraph 11 Before coming to the Colony's con- without repining a burden of taxation the relative burdens between the Briof the Financial Secretary's Memoran- tribution I wish to deal shortly with heavier than that of any European tish and Hong Kong tax payer-not dum, the only item I can see which is both of these points. Sir, there are country. The annual service of the for the purpose of finding excuses for directly attributable to the Sino-Jap- no data which lead me to think that dobt charge alone amounted to more us to try to "get out cheaply;" but of anese conflict is under Head 5, Charit- the Colony is lightly taxed in relation than 300 million sterling. Fifteen showing that, in my submission, we able Services, which shows an increase either to the social services available, yours after the end of the war the should approach the question of other of \$224.740 for being discussed with the social services available, yours after the end of the war the should approach the question of other of \$224.740 for being discussed with the social services available, yours after the end of the war the should approach the question of other other than the should approach the question of other other than the should approach the social services available, yours after the end of the war the should approach the question of other other than the social services available. of \$224,749.00, being "increased grants or to the taxable capacity of the Co. State levied 4s, fld. in the pound on Colony's contribution to England 189.8 lief of refugees". Moreover, I note I propose to touch on the question live of the supertax on incomes ex- any self-reproof that we have interest from Part 2 of the Financial Second and unfacilities. Les from Part 2 of the Financial Secret- of local social services later on in my conding £2,000 a year. Yet it is too lightly taxed, and untroubled by ary's Memorandum, Head 5, Sub-Head remarks. In the meantime I must characteristic of the democratic spirit any comparisons made between Hong 23, that the amount of \$250,000.00 pro- concede that this question is compli- which prevailed in the country that, Kong and elsewhere. I therefore appropriate which prevailed in the country that, Kong and elsewhere. I therefore appropriate which prevailed in the country that, Kong and elsewhere. vided for relief of refugees at the cated by the peculiar position of the despite bad, trade and crushing taxapresent; rate of outlay, will not suffice Colony, with its large fluctuating and tion, the level of the social services, fore, we increase this amount to, say, 'As regards the taxable capacity of any, other country and more expensive the whole period the Colemn it are that the country and more expensive the whole period the Colemn it are that the country and more expensive the whole period the Colemn it are that the country and more expensive the country and \$625,000.00 to cover the whole period the Colony, it seems to me that an im- sive, was not seriously lowered. of stifteen months, plus the whole in- portant point which requires expert the health, the education, and crease; of \$224,749.00, totalling \$849,- investigation is as to how much of the housing of the people should be well 749.00, and subtract this total from Colony's wealth is in the hands of the cared for was common ground with the state of the colony's wealth is in the hands of the the nett increase of \$9,120,603.00, the permanent resident, and how much of all parties in the States."

China Branch, amount to \$491,874.70, no one who has studied the Budget tion of prevalence of poverty I need and that the amount of expenditure figures of past years can fail to ex- hardly dwell, for it is a painful fact, On the other hand, the original ex- already sanctioned comes to \$408,- perience a sense of concern and dis- well known to all social workers. Only on the other hand, the original expenditure, put at \$33,379,549, exceeded the estimate by \$3,796,349.00. But of cellency is Patron, is non-political, and the colossal rise in the cost of at the beginning of this year the Hon-cost may at the colossal rise in the cost of at the beginning of this year the Hon-cost may at the colossal rise in the cost of at the beginning of this year the Hon-cost may at the colossal rise in the cost of at the beginning of this year the Hon-cost may at the colossal rise in the cost of at the beginning of this year the Hon-cost may at the colossal rise in the cost of at the beginning of this year the Hon-cost may at the colossal rise in the cost of at the beginning of this year the Hon-cost may at the colossal rise in the cost of at the beginning of this year the Hon-cost may at the colossal rise in the cost of at the beginning of this year the Hon-cost may at the colossal rise in the cost of at the beginning of this year the Hon-cost may at the colossal rise in the cost of at the beginning of this year the Hon-cost may at the colossal rise in the cost of at the beginning of this year the Hon-cost may at the colossal rise in the cost of at the beginning of this year the Hon-cost may at the colossal rise in the cost of at the beginning of this year the Hon-cost may at the colossal rise in the cost of at the beginning of this year. this excess the Financial Secretary purely philanthropic. The flow of 40 million dollar Budget, or to ask vices, in his inaugural address before points out that \$2,203,216.00 was in subscriptions to the Fund seems to be himself anxiously whether the Colony's the newly reconstituted Nutrition respect of unallocated stores, loans and rapidly drying up, whilst calls on its expenditure is not reaching, if it has committee, pointed out that on ac-Military Contribution, due to changes resources are continuous. May I, not already over-reached, the Colony's count of malnutrition, which is a conin the accounting system, leaving an therefore, venture to express the taxable capacity. Those who care to comitant of poverty, more than one excess of \$1,593,133,00 in respect of strong hope that Your Excellency will read the 1908 Budget Debate will find child out of every three died last year all other Heads. But the only items see fit to making a substantial grant to it interesting reading. They will find, before attaining the age of one year, an other ries only neins see in to making a substantial so the too, that the slogan "Hong Kong is as compared with one in twenty in that can fairly be attributable to the this Fund as a friendly gesture of the limit too, that the slogan "Hong Kong is as compared with one in twenty in Sino-Japanese conflict are Head 22, Colony towards the indescribable lightly taxed" was already current in England. We have no hospitals for

WAR BUDGET I now turn to the War Budget.

Coming, now, to 1939. The original peaceful existence of Britain, the estimated revenue was put at \$36,097,Dominions, India and the rest of the colony's financial difficulties berculosis we have as yet not been been as to how be a colony's financial difficulties berculosis we have as yet not been colony's financial difficulties berculosis we have as yet not been colony's financial difficulties berculosis we have as yet not been colony's financial difficulties berculosis we have as yet not been colony's financial difficulties berculosis we have as yet not been colony's financial difficulties berculosis we have as yet not been colony's financial difficulties berculosis we have as yet not been colony's financial difficulties berculosis we have as yet not been colony's financial difficulties berculosis we have as yet not been colony's financial difficulties berculosis we have as yet not been colony's financial difficulties berculosis. 325.00 (including \$839,704.00 trans- British Empire, France, and Indeed all should be met in times of adverse able to find the means to build a pro-City Development Fund). Now this This quotation bears eloquent testiestimate was obviously framed on the mony to the force and meaning of figures which I have on my notes I the problem of Slum-clearing. basis of the continued operation of the Your Excellency's observation in this think it will meet your wishes if I ex- have no Old Age Pension, no Poor same factors which brought about such Council on the same day, that "this plain generally how it is proposed to Law. We have no Air Protection for striking increases to the Colony re- is every whit as much our war as it is venue in 1938. If this argument is Britain's". And the complete realizasound, as I think it is, then it can be tion of the implication of this war on fairly stated that the nett gain to the the part of the public is reflected in Colony in 1939 must be approximately its ready acceptance of and fullthe same as in 1938, on the basis of hearted co-operation in all the varied the original estimate, less any increas- measures which Government has ed expenditure which had not been found it necessary or desirable to intaken into account in the Estimate of troduce in this Colony, although many, 1939 Expenditure. Of the latter, as if not all, of them must have a resshown in Table 3 of the Financial trictive effect on business. That re-Secretary's Memorandum, the only sidents in the Colony—irrespective of item I can find relates to Head 5, their race and nationality—should when trade is had does not seem a gees), in respect of which the excess in order that a contribution might be burdens of traders. There remains Charitable Services (relief of refu- have to bear some financial sacrifice. over original estimate amounts to forthcoming to the Imperial War burdens of traders . . . There remains Chest, fitting from the point of view n reduction of expenditure, and that The nett gain to the Colony for of the Colony as a vital part of the is the method which it is proposed to 1939, on the basis of the original es- British Empire and worthy of a Colony adopt. We must cut our coat accord- Colony is predominantly Chinese. It timate, is therefore, say, roughly which yields to none in lovalty and he a simple garment but I hope when has therefore a dual allegiance and a \$5,000,000.00" less \$1,241,736.00; i.e. devotion to the Crown, is inevitable. be a simple garment but I hope when dual commitment. These have em-Indeed, they should welcome the on- will norse with me that it is a fairly phasised themselves in the Far East nacea, they should welcome the out will agree with me that it is a fairly war that has been raging for two But the revised estimate of revenue tion, for it is unthinkable that they serviceable one in which the Colony years—a war which has profited some would be content to render mere lin need not feel ashamed to appear next in the Colony, but bled the majority

LAST WAR

I am certain that there is a com- shall be in at the end of 1906" plete unanimity amongst all sections

resulting increase to the Colony re- it is fugitive and can be driven away wondersome taxation. From the We are naturally proud of the won-

tress in China, Hong Kong and South 32½ million. I venture to think that eral and widespread. On the ques-

THE OLD DAYS

The estimated revenue for 1907 was The Prime Minister, in the House \$5,202,135.00, which apparently repre-"It is not with any vindictive pur- the previous year's revenue. The folperty \$622,052,00), amounting to 1,097,120,00.

The nett gain to the Colony is thereore \$5,383,815.00.

Coming now to 1939. The original formula is at stake. There is in jeopardy the at stake.

> methods open to us. Either to raise arrival in the Colony you have spared further loans, or to increase taxation, no effort in providing and increasing or to reduce expenditure. I am strongly social amenities for the Colony in averse to raising additional loans at the present time . . . I am also averse to increasing taxation. It has been pointed out to me that this colony is very lightly taxed, and I by no means promise that I shall not on some future occasion propose additional imservice to a cause, the result of which season. It is somewhat of a tight fit, through many economic wounds. No but if we adhere to the estimates we other part of the Empire has suffered have framed we shall remain in the this strain." same sound financial position at the end of 1907 as I am happy to say we

NO COMPARISON USEFUL

STUPENDOUS FIGURE Colony has If my calculation is right, the finanlionourable friend, Sir Henry, Pollock
cial gain to the Colony arising from
the Smo-Japanese conflict, in respect
to the period 1937 to the end of March
1941. Comes, to the superidous figure
of \$25,351,152,00.

Honourable members may be in
Honourable members may be in
terested to know that the total subterested to know that the total subterested to know that the total subby the Period of Dis
Nor; the past 10 years works out at
the property is gento the Colony arising from
the Colo If my calculation is right the finan- Honourable friend, Sir Henry Pollock made under British Rule within the

commodation is utterly inadequate, and the overcrowding in the Chinese hospitals is, though inevitable, a standing disgrace. The problems of compulsory education (and even of Government-provided primary education), and of juvenile deliquency, are still a long way from being solved.

COLONY'S NEEDS every direction possible, and the Colony owes Your Excellency a very heavy debt of gratitude. But the list of omissions is necessarily still formid-

As the "South China Morning Post", in its leading article published on the 13th October, 1939, pointed out:-

"The upper ranks of the Government:Service are not open to the Hong Kong citizen: he has no vote nor does he enjoy the full privileges of a British subject—his nationality is only stressed for taxation purposes. The

SENSE OF INJUSTICE

In connection with the above I feel it my duty to give expression to the As regards comparisons between sense of injustice felt by many of the lony attributable to the Sino-Japanese recollection of the part which the Co- Great Britain and Hong Kong I sub- companies incorporated in Hong Kong Conflict, for 1920 is therefore \$7,900. conflict for 1939 is therefore \$7,296,- lony took in the 1914-1918 war—in- mit, Sir, that however flattering it Which carry on business in Shanghai, cluding the splendid response of its may be to compare the Colony with Hankow and other parts of China. By The gain to the Colony in respects citizens to appeals for war charities the Mother Country, the greatest and Covernment has the night to acquire of 1937-1939 is ascertainable and, on and war loons, and the voluntary pre- wealthiest democratic country in Government has the right to acquire to entertain any doubt of the Colony's having regard to the radical differ- imposed upon such a British subject. attitude in this matter.

By this Regulation "British Subject" Coming, then, to the prospective re- But I feel it my duty to make it remained resources and social condi- includes every company incorporated

"At this time the British people here lightness of Hong Kong taxation and

AMOUNT OF CONTRIBUTION First, 'as to the amount of the con-

It must be appreciated that a gift to the Great Britain of seven or eight million dollars, as suggested by the Hon. Hinher willingness to "do her hit" as la part of the British Empire. That sum represents only allewindure of the linperial War Expenditure, and nothing

CAINE ANSWERS

(Continued from Page 12) were to add the special Defence ex- be levied fairly and efficiently." penditure of 21/4 million, and the Should some of the misgivings re- I start from the assumption which Military Contribution of 6 million, the garding this proposal, which are in- has been so fully confirmed by my

to one of finding the best means of hour of need. raising the money.

UNDERLYING IDEA

and spontaneous gift by the Colony is the authoritative view of the Finto England, and not a tribute to be ancial Secretary himself. The forexacted from an unwilling population. tuitous increases in the Colony's re- United Kingdom. That is inevitable not been making profits will not be the following broad principles should. venue serve but to cloak the unsatisin my opinion, govern the choice of factory position of the Colony's eco-

sen should not involve a violent de- years or so is due no doubt to Hong parture from the Colony's fiscal policy. Kong being "a free port, without inwhich has been in existence for near- come tax and without excessive taxaly a century; and

of the community.

ated to the means available, based on enemy businesses; with a "dead" prothe above principles, rather than that perty market, and a "moribund" share the means should be adopted in viola- market: with a low dollar and rapidly tion of those principles for the sake increasing costs of imported goods and of obtaining an arbitarily decided a concomitant increase in the cost of amount. Accordingly I am bound to living in general, and in face of resay that I do not agree with the Gov- duced earnings—the outlook for the ernment view that the imposition of Colony is indeed bleak. an income tax is by far the most suit- I am satisfied in my own mind that suggested.

FOR 25 YEARS

There can be no reasonable doubt that views opposed to the introduction of income tax have been consistently held by many people in the Colony for at least a quarter of a century. Moreover, the Chinese opposition to this measure must be well known to Government. When the idea of an income tax was mooted in connection with the late Mr. Lau Chu Pak, wrote in to Government a strong memorandum tion. against it. My Senior colleague on this Council, on the 10th November, 1938, in anticipation of the appointment and report of the Taxation Committee, expressed himself strongly against it. As a member of the Taxation Committee, which reported to Your Excellency on the 5th April, 1939, I myself sent in to the Committee a memorandum setting out in detail my own objections. Some of the grave doubts which are widely felt as to the possibility of the successful administration of an income tax in the Colony were summarised in the Taxation Committee's report, which include the following:—

"3. The migratory nature of the Colony's population, and the extremely mixed taxable community, with greatly differing standards of living, make Hong Kong unsuited to the tax

generally. 4. Many benefits are still to be derived from preserving the Colony as Colony's prosperity depends to a large extent on the fact that it is the entrepot of China, a free port, without inwell upset this precarious prosperity "

"9. Economic and industrial development particularly of small factories as yet in their infancy-would be seriously affected."

REPORTS QUALIFICATION

The Committee, whilst recommend- have been given publicity elsewhere. ing the introduction of income tax in a certain eventuality "if it be considered that the tax is capable of successful administration in the Colony, felt it necessary to qualify this recommendation win wave, specified in the report, from which I merely quote two:---

ful working of the tax should first be should be interpreted not as an indithe subject of a detailed investigation cation that Government is determined to understand. I am not going to this with the assistance of an expert, pre- to carry it through against all opposi- cuss in detail whether there has be detailed with the collection of tion, but as an attempt to convert op- any such trade depression. the tax in an Eastern country. position which is thought to be mis-

until a substantial body of opinion in ward without a due weighing of its of 32½ million. If to this amount we the Colony believes that the tax can consequences.

total amount would come to \$15,250,- dicated in the Taxation Committee's; honourable friends among the unof-000.00, which is 46.9 per cent of the report, prove to be true, then the Co- ficial members that there is a general yearly average of 32½ million. I lony might well suffer a setback from willingness and desire to contribute two xears. Ecannot see: where the to England should not exceed \$3,000,- The Chinese in the Colony, who con- the upshot of which is that the Colony come tax would be Government ofstitute some 97 per cent of the popu- is not in a position to pay any extra licials, for whom I am surprised to As we are all agreed that the Colony lation, have for over two years, been taxation whatever. should make the best contribution of going through a severe financial strain which it is capable, the problem con- in order to render badly needed assisfronting this Council resolves itself tance to their Mother Country in her

DEPRESSING UNCERTAINTY

That there is a depressing uncer-Since the underlying idea is a free tainty in the Colony's whole outlook nomy. The flight to the Colony of (1) That, if possible, the means cho- "refugee" capital during the last two tion." Its maintenance in the Colony (2) That the means adopted should depends on a delicate equilibrium of command as much popular approval confidence and of opposing and comas possible: at least it should not go betitive financial attractions and drawcounter to deep-rooted and fundamen- backs, which may easily be upset. With tal objections of a substantial portion the dislocation and diminution of trade caused by the war, and by the neces-Moreover, it seems to me that the sary war measures; with unemploy-amount of the gift should be subordin-ment caused by the closing down of

able means to give effect to the natural the Colony's contribution can be raisdesire of everyone to bear his just ed by other means without incurring burden for the common cause, for it the risk of "killing the goose that lavs violates both of the principles I have the golden egg". I may incidentally point out that other alternatives will obviate the expenditure of an annual sum of \$320.000.00 which would be required as administrative charges for the collection of income tax.

NOT SUITABLE Sir, it is my personal conviction that income tax is not suitable for Hone Kong, and cannot be equitably administered; that administrative charges will be excessively high; that it will do irreparable harm to the Colony. I more revenue for war purposes.

so as to enable the Colony to make, as increasing charges and costs. a humble gesture of its loyalty and devotion to the common cause, a contribution which, though insignificant in terms of sterling and of the Imperia expenditure, should be all the more acceptable to the Mother Country because it has been raised by measurer which command general approbations?

FINANCIAL SECRETARY'S REPLY

The Hon. Mr. Sydney Caine, intervening in the debate, said:—The Council has heard three speeches putting Council is that we are absolved from attention of the Committee. very ably certain objections to income lending any more assistance to the Imtax and it seems desirable that the perial Government because we make case which exists on the other side a regular Defence Contribution should be stated at this stage rather peace time. than at the end of the debate when a haven for "refugee" capital. The there will be no opportunity of further rejoinder by any unofficial member. I regret that I shall have to take up a great deal of the Council's time come tax and without excessive taxa- but I do not apologise for it, because tion. An unwise fiscal imposition may the issue is of such importance and complexity that it would be wrong to attempt to deal with it briefly.

and suggestions which have been made in this Council but to others which pire and no Hong Kong.

If I reply somewhat caustically to some of the suggestions made in the Press I trust that honourable members will realize that ! am not auggesting that there are suggestions to which they would lend any support.

Furthermore, any vigour I may use "(a) The possibility of the success- in expressing the case for this measure would be an intolerable; burden, wi westell that it would be un- conceived. Finally I want to sehow wise to impose at tax of this nature that the proposal was not brought for

GENERAL DESIRE

I cannot, however, allow to pass my Hon, friend Mr. Lo to refute the statement that the Colony is lightly taxed.

refer to the obvious fact that the tax- have been put forward are justified ation per head of population is a frac- Government may be disappointed in tion of the taxation per head in the the yield, but those people who have because the standard of living of most called upon to pay any income tax. of the population is so much lower.

COMPARABLE INCOMES What is meant by the lightness of taxation here is a comparision between the taxes paid here and elsewhere by persons in receipt of comparable incomes. On that basis one cent no Income Tax, whereas Income and other details. Tax in the United Kingdom rises from the standard rate of 7/6 to no less than 17/- in the £ on high incomes, and income taxes at various rates have existed for many years in a number of Colonies. It has been my husiness for years to study Colonia finances and without burdening the Council with more figures I can conit is as low.

EQUAL WEIGHT

In any case my Hon, friend has cause untold irritation and incon- not pressed his view to the point of 1914-1918 war the then Senior Chinese venience to the public; and that it wil' denying that the Colony ought to raise am therefore opposed to its introduc- cannot emphasise too often the apparently general agreement on that issue May I, in conclusion, express the because it relieves me of the necessity strong hope that Government will find to answer such objections to Income it possible to adopt other alternatives. Tax as that it will injure business by

That must be true of the raising of the same amount of revenue by any other means and if We are weighing income tax against other alternatives, objections of that .nature must weigh down each scale equally.

In fact, it is the general opinion of economists and is amply borne out by true costs of a business than any other form of taxation.

In effect, Hong Kong is to be in the Empire on a basis of ilmited liability.

What do honourable members imagine would be the effect, if the taxto keep up an Army and Navy in In fact I propose, with your permis- have been lost by now and if that sion, to refer not only to comments policy had been pursued in the past there would have been no British Em-

IMPOSSIBLE TO UNDERSTAND Turning more directly to income tax, a suggestion which has been given a good deal of prominence is that because the Colony is alleged to have been suffering during the last two years from trade depression consequent on the Sino-Japanese hostillties the imposition of income tax find that argument almost impossible cuss in detail whether there has been

The Ancheste Stelle Gafonv's re-. Venue by: approximately 188% since "1937; the Jeorghaud rilytowns pult

by practically all the local companies and the analysis made by my Honourable Arland Mr. Louin His speech this afternoon will point in an entirely opposite direction.

But if it were true that nobody has cannot help thinking that the gift is which it might take her a very long substantially to the revenue of the burden of an income tax comes in. too much for the Colony, having re- time to recover. At all events it is Government in order to enable the The great beauty of an income tax gard both to the Colony's position and difficult to imagine a set of circum- Government to lend assistance suit- is that if you have no income you pay to the Imperial needs at the present stances more unpropitious than that able to the resources of this Colony no tax, if it were really true that, the time. I venture to think that for 1940, now obtaining for trying out an exand until the Colony's position be- tremely controversial fiscal experi- do not propose, therefore, to deal with had been making no profits the only comes a little more clarified, the gift ment, with its dangerous potentialities. the view expressed in some quarters, people who would remain liable to in-

> find such active public sympathy. A POINT TO PONDER quite unanswered the attempt of . More seriously, the question whether profits are now as large as they were some time ago affects not the equity of the tax but its probable That statement is not intended to yield. If the gloomier views which

I would interpose at this stage that I can think of no other tax which could equally well be guaranteed to avoid hitting the unfortunate business man who has made no profit.

Another general complaint has been has only to consider the various taxes about the alleged unequal incidence of one by one; the percentage of rent income tax. In this category are inpaid in rates is about one-third of the cluded a large number of complaints average in England; tobacco, liquor and objections on matters of comparand petrol duties are lower than in atively minor detail, such as that the England or in most Colonies; in the exemption limit is too low or that the United Kingdom there is a general personal allowances should be intariff, a standard customs of 10% on creased, or that other allowances all ordinary imports, in nearly all other should be given for various kinds of Colonies there is a similar tariff ex- expenses or liabilities. Obviously no cept that the rate is more often 15% objection of principle can exist to and upwards, while here there is no making adjustments in those allowgeneral tariff at all; death duties are ances if so advised by the very repreat a lower rate here than in the Unit- sentative Committee which Your Exed Kingdom; Hong Kong has at pre- cellency has set up to examine these

If I may carry the war into the enemy's camp again, another beauty of Income. Tax is precisely that such adjustments can be made in a way which is impossible with any other tax.

PERGUISITES Questions have also been asked as to whether such and such perquisites adently assert that I know of no Co- of Government officials and others ony where the general level of tax- are to be taxed, for example, free ation in relation to income is lower houses. Provisions laying down the and no more than one or two where treatment of such perquisites are contained in the draft bill now being examined by the Committee, and it they are thought to be inequitable thev can be changed.

Other inquirers have asked whether the income tax assessment would include the squeeze upon which so many of us, official and unofficial, are popularly supposed to live.

It is the dream of every zealous income tax official that he will some day find a conscientious burgiar who will make a full return of the profits of his profession.

I have no doubt that he would similarly welcome a full disclosure from the recipients of squeeze, but I fear that he will have to wait until those members of the public who claim to possess full information on experience elsewhere, that income tax the subject are kind enough to comconstitutes less of an addition to the municate it to the authorities. The other problems of assessment of income and allowances are primarily One other suggestion which has not matters of the drafting of legislation been put in its extreme form in this and will no doubt receive the .due **EVASION**

. The third general class of ment relates to evasion. That people will try to evade taxation of any kind is certain, but there are means open to Government for detecting many kinds of attempts at evasion, and this matter also is largely one for discussion by the Committee payer at home had said we have paid which is examining the draft legislation. In the course of the long period peace time and we shan't pay any during which income tax has been in more now?" The present war would operation in the United Kingdom,"a very great variety of methods of evasion have been tried and a great many ways of detecting them have been developed.

I do not suppose that the wouldbe evaders are going to publish their methods, but at any rate the methods announced by those persons who claim to be au fait with the intentions of the evaders are not different from the ordinary stock intrade of the tax dodger all over the world. I have never denied personally that this question of prevention of eyarion is by ar the greatest problem in the administration of income tax, whether here or anywhere the ball is see in reason why it simulates be less capable of solution here.

Page 14 MR. DODWELL ON THE OBJECTIONS

in other countries.

or that. All I can say is that in many respects I agree that this an- Preference, but we came to the unanthose British countries where it exists swer is unanswerable, and I am quite imous conclusion that the risk of a to-day, that is not the official view, propared to withdraw my opposition flight of capital was a very real one and there has been a steady increase to the policy, if only the Government which should not be taken if our war in the number of countries in which would be businesslike in all directions. contribution could be collected income tax exists and in the reliance Some radical change in regard to the some other way. which is placed upon it in those count three disabilities I have mentioned In our position as a storage, distri-

OTHER TAXES

tax I cannot but suspect that it covers

some other motive. A good deal has been made of the collection of income tax. The closest ests of the Colony. alleged enormous expenditure on the of course, will be for the staff required. This is in the first place a very small percentage of the expected serious objections on the part of the yield. It will, moreover, in present Chinese community, who represent circumtances be only to a small extent expenditure on new staff since tion.
we expect to draw the majority of the staff required from other branches of the Government service whose activities will have to be reduced to some extent and whose leave is, under present arrangements, being drastically curtailed, so increasing the number of available officers.

British income tax administration will here as in other parts of the world, British companies, and the great mabe perfectly willing to give quite and so much uncertainty about the jority of their short and a great mabe honestly any advice which may be effects of the Sino-Japanese conflict, jority of their shareholders are in the required by the individual as regards that it is impossible to form a reliable the allowances to which he is en- opinion about the future. In these titled. As to business firms the ex- circumstances, I feel that it is an untra expenses would be small except propitious moment to embark upon a the case of firms which do doubtful experiment. now keep any accounts at

(The Hon. Mr. Sydney Caine's Speecij is continued in Page 21).

BUSINESS MAN'S POSITION

day is a heavy one considering the Java who for years had been getting world situation, the explanations giv- away with a return of 10,000 guilders en to the Select Committee have sa- a year, when his income was probably tissled me that it would be false eco- in the region of a million. The tax nomy not to proceed with the Public collection department at last in des-Works Extraordinary programme, un- peration raided his office and seized less our revenue shows signs of a ser- all his books. He promptly engaged ious decline. Should this occur, the an adept burglar, who stole the books contingency is satisfactorily covered by from the collector's office and burnt the assurance we have received that them. He then sued the Government certain of those works will not be for the loss of the books and obtaincommenced without further reference ed damages. to the Finance Committee.

At the same time, it is impossible not to be alarmed at the ever-increasing cost of Government, which in my view must continue to increase unless there is a radical change in the principles laid down for conducting the Colonial service. A system which renders it almost impossible to dis- impression which seems to be circulatmiss an unsatisfactory servant, and ing in the Colony that the Committee we should not take unless the Commiss an unsatisfactory servant, and ing in the Colony that the Committee which adheres tenaciously to the prac- of the Chamber of Commerce, of tice of promotion by seniority, is bad which I am one, was neither in favenough, but when to this is added the our of making any contribution to the munity. enough, but when the terms of service in inequality of the terms of service in Imperial War Chest, nor of paying Income the different Colonies, which renders the different Colonies, which renders be further from the truth. The Common the truth. fer of staff from one Colony to an- mittee was unanimously in favour of other, the Government in my judg- a substantial contribution, their share ment is saddled with three disabili- of which they have no desire nor inties which would speedily ruin any tention to evade. Only two consider-

aware, I have protested before now in prise and capital away from the Cothis Council against the Government's lony and prevent fresh capital and policy of purchasing practically all industries coming to it, and secondly, poncy or purchasing practically and secondly, their supplies through the Crown will not the organization for collections for the Colonies, and very left over the programme of pulping it prove to costly? Here is a prove to predict its continuance for any length of time. Our little through the local merchants who carry on the Colony's trade. The Committee's answer to both failing in my duty were I to pass over the purchase on Page 15)

other countries.

Me are being constantly told that one which is adopted by all business simple reason that most of it derives income tax has failed in this country concerns with branches abroad. In considerable benefit from Imperial overhead would result.

evaded to a greater or less extent: official colleagues' remarks, and to the e.g. import duties on tobacco and very able reply of the Honourable fore from flights of capital when in liquor are certainly not 100% enections and Secretary who, in spite of the transtative, and from time to time Govern-the disabilities surrounding the transtant and seriously affected all industry and limited to the disabilities surrounding the transtant and seriously affected all industry and limited to the disabilities surrounding the transtant and seriously affected all industry and limited to the community and of the disabilities surrounding the transtant and seriously affected all industry and limited to the community and of the disabilities surrounding the transtant and seriously affected all industry and limited to the community and of the disabilities surrounding the transtant and seriously affected all industry and limited to the community and of the disabilities surrounding the transtant and seriously affected all industry and limited to the disabilities surrounding the transtant and seriously affected all industry and limited to the disabilities are successful to the disabilities and seriously affected all industry and limited to the disabilities are successful to the disabi tive, and from time to time Governthe disabilities surrounding the transment is obliged to institute prosecufer of staff that I have just alluded to. ment is obliged to institute prosecufer of staff that I have just alluded to, trade. In the light of the strenuous on a dollar basis of those of its junior tions for failure to pay, say the has in some miraculous way arrived opposition of our Chinese collegation. tions for failure to pay, say the stan that I have just an used to, stamp duties or wireless licences. It does not occur to anybody, however, to suggest that these taxes should be to suggest that these taxes should be how or anybody. He is now quite rightly likely because the stant that I have just an used to, and if I may say so, is most efficiently carrying out the duties of a dollar basis of those of its junior opposition of our Chinese colleagues officers who are engaged locally and officers who are engaged locally and officers who, while on probation, are paid in dangerous experiment. abolished because they are not quite tion is made in the case of income tax I cannot but suspect that it covers vote them to the prosecution of the one whose Company is registered at factory.

at once that my opposition to it did subject until the Bill is before us and not arise until I later discovered the we know its terms. such a large proportion of our popula-

I was also a little misled by the fact that my Honourable friend, Mr. M. K. Lo, signed the Tax Commission's report, which in spite of its qualifying remarks about Income Tax, I should hardly have expected him to do in face of the very decided views he

now expresses.

BURGLAR REFERENCE imposition of Income Tax in other 7/6d. places, and particularly mentioned the Dutch East Indies, where the Chinese are apparently paying up without de-His reference to burglars reminds me of the well-known incident The Hon. Mr. S. H. Dodwell said:— that occurred not so many years ago, Though the Budget before us to- of the wealthy Chinese merchants in

That however may be an isolated case, and in the event of Income Tax being introduced, i hope my honourable friend will not have to resort to such drastic measures.

A CONTRADICTION I would like now to contradict the ordinary business concern.

8UPPLY PURCHASES

As Your Excellency is possibly. Tax drive Chinese industrial enter-

(Continued from Page 18) . | chase of all Colonial supplies through | We attached little importance to the tion costs. one central organization is an econo- danger of industrial enterprise being | ASTI

tries as one of the most important seems essential, and would so increase mineral or agricultural wealth to speak the efficiency of the whole services that substantial reductions in staff and of, we are on an entirely different footing to Ceylon and other Crown VEXED QUESTION

With regard to this much vexed come Tax. Our trade is very largestrikes me in this tank of evasion of Income Tax, I have list by dependent upon cheap money. In it is notorious that other taxes are question of interest to my Un-evaded to a greater or less extent: official colleggues' remarks and to the very seriously on many constitution in that direction was de-tened with great interest to my Un-tened with great interest to my Un-very seriously on many constitution in that direction was de-

greatest of all causes, but he proposes Home, pays Home Income Tax and to use a type of broom that some of Excess Profits Tax, and on this acus don't consider suited to the inter- count was at a serious disadvantage is my considered opinion unless we As one of the business men origin- can get over the Chinese objections. something between 3 and 4 lakhs ally consulted with regard to the im- I recognize that none of us should something between 3 and 4 lakhs ally consulted with regard to the im- rightly pass final judgment upon the per annum, practically all of which, position of Income Tax, I would say rightly pass final judgment upon the

The Committee now sitting may succeed in devising some method of making it less objectionable to our friends. Under their terms of reference it is difficult to see how this can be achieved, but if it can, then the main objection I have to Income Tax will disappear.

COST OF COLLECTION serious consideration before setting up am, like the rest of my unofficial colan expensive collection department, lengues, strongly opposed to the prowhich, if it is to do its work thorough- posed taxation of incomes for realy I fear will almost certainly cost sons which I shall give later. Be-It is objected that the tax will cretary in repudiating that idea that the Hon Financial Secretary I doubt fore doing so, however, let me make It is objected that the cretary in reputating that idea durted the Hon. Financial Secretary. I doubt it clear that, as in the case of my colcause a great deal of extra private the Colony's trade has suffered durted if the Government really appreciates it clear that, as in the case of my colcause a great deal of early in the keep- ing the last two years. It has been if the Government really appreciates leagues, my objections do not arise expenditure particularly in the keep- ing the last two years. It has been how large a proportion of the tax, if ing of accounts and preparation of quite abnormally prosperous, but is how large a proportion of the tax, if returns. The ordinary man will not now showing very distinct signs of applied throughout the Colony, would need any expert assistance in the dwindling. During the last war, Hong have to be refunded by the Home preparation of his returns unless he Kong's trade benefited rather than the British constant that six large is seeking to avoid taxation. The reverse, but to-day there is so much liviled liviled, apart from the pureofficials of any income tax depart- Government control of imports and ly local limited companies, would conment run on the principles of the exports and exchange, not as much tribute a very substantial proportion

that opposition to Income Tax at the whether he be willing or loth to pay. present moment sounds extremely un-

BRITONS' ATTITUDE

the Colony are concerned, I am con- hard hit, apart altogether from the fident that they are fully prepared to fact that we desire, as does everyone accept their responsibility in this mat- who has enjoyed the protection of the ter and that all would gladly make English flag and the privileges of livtheir contribution through the medium of an Income Tax, provided that reasonable allowances are made, and that the tax is for the duration of the war.

have said, it is clearly not the payment of the contribution to which they object, but to the method of its collection.

I am convinced that there is a grave found wanting. element of risk, and that in view of the difficulties of trading we are likely to have to contend with, it is one mittee now in session can make the Bill palatable to the Chinese com-

THE PORTUGUESE COMMUNITY

The Hon. Mr. Leo d'Almada said:-In view of present circumstances I do not propose to criticise the Colony's ordinary budget insofar as its public perity. works expenditure is concerned, because at a time like this, when, as I believe, economy should be the watchword, whatever disappointment one

ASTRONOMICAL COSTS

More than one unofficial member has in past years called these figures astronomical, and the epithet is more apt to-day than ever. One realises that with a growing colony must of necessity come a certain increase in the personnel of administration and consequently in its cost. The objection lies not to this but rather to the fact that in recruiting its officers, Government does not give the Hong Kong man the chance he deserves. I had occasion last year to complain that local men were not employed in the service as much as they should be.

If reform in that direction was de-

This may seen strange advice from sterling when they have proved satis-

AMENITIES OF COLONY

Conditions are such all over the world to-day, and the amenities of life in Hong Kong are so much greater than they were say thirty years ago, that such a policy would not result, as might be feared, in discouraging the right type of young man from joining. I am confident that on this much more economical basis, which would mean a saving both in actual l pay and in passages, there would still be eager seekers after posts from the ranks of those who have spent their youth here and are the product of our local schools. INCOME TAX

So much for our ordinary Budget. There is another point which needs On the subject of the War Budget I

Nor are they voiced on behalf of the Portuguese community. From the personal standpoint, indeed, few measures could be more welcome—it is obvious that the legal profession stands to gain considerably from its introduction, lawyers probably coming next after chartered accountants as persons whose assistance must of Finally, Sir, I realise only too well necessity be invoked by the taxpayer,

Were I actuated by selfishness, patriotic, no doubt particularly so to therefore, I would urge its immediate my Honourable friend the Acting adoption. As for my community, so General Officer Commanding, and the far as I can judge from a preliminaryto the success which has attended the Services generally, who pay their examination of the draft bill, the scale tax, together with the numerous al-So far as the European Britons in lowances, ensures that few will be ing within the Empire, to help as much as we can in this War.

THREE REASONS I object to this proposed tax, Sir, From what my Chinese colleagues for three reasons. The first is the attendant danger, already mentioned, of the flight of capital from this Colony. While not convinced that this is the Conceivably of course the danger of inevitable result of income tax, I am a flight of capital may prove an ex- nevertheless certain that it is a danaggerated bogey. We undoubtedly ger well within the bounds of possihave a magnificent harbour and many bility, and once this is admitted, and attractions and facilities to counteract it cannot be denied, then there can be the imposition of the tax, but from no question but that a measure inmy thirty years' experience of how volving this risk is one that should be little it takes to upset the delicate resorted to only when all other means economic equilibrium of this Colony, of raising money have been tried and

That this is far from the case is obvious from the numerous alternatives suggested to Government by representative and responsible bodies in this Colony, by the press, and by individuals sufficiently alarmed at the prospect to have filled the correspondence columns of more than one local paper during the last few weeks. It must be remembered, as has been mentioned more than once since this tax was first mooted, that it is not being imposed on a colony enjoying a period of normal commercial pros-

ARTIFICIAL PROSPERITY ..

The "prosperity," if so it may be called, of the last two years or so, has

INCOME TAX DEBATE

(Continued from Page 14) risk to the Colony's future.

bability that in a mixed population present abnormal state of affairs. such as ours, it will be found impos- In the Financial Secretary's memsible to administer it equitably, so that while some will bear the full estimates, we read the following:burden of it, others, and they are the vast majority, are so placed as to be it has been decided to suspend comin a position easily to escape it. And there is no reason to suppose that House, and no funds for it are to be they will not avail themselves of this provided in 1940/41". escape. My third objection is the necessity for the creation of a new administrative department, not only because of the cost but because of its inevitable liability to bribery and corruption. I have in the past criticised the Police and Revenue Departments in regard to this. Prosecutions of members of the departments show that I am justified in my criticisms. An Income Tax Department, once created will quickly earn for itself an unenviable reputation for the same failing,

WILL VOTE AGAINST

These in brief, Sir, are my objections to this proposed tax, and I have voiced them with the less hesitation been due to a number of fortuitous because in doing so I am echoing the circumstances, due to the Sino-Japanopinions of business men, men with ese conflict, for in numerous items years of experience in the commence of increased Revenue, the explanaof this Colony, men who have come tions repeatedly given are, "Increased into more frequent and closer contact population", "Rise in Rentals and less with the Chinese business community vacant tenements," and such like. than any member of Government has Apart from these indications, there is come or can hope to come.

in voting against this measure I am last 24 months has been due to the doing right by our Colony because fact it has been a larger clearing the Chinese members of this Council, house for China's trade than ever bewho represent a community without fore, because of difficulties in other which we could not hope to exist, Ports in China. There must, however, have expressed 'hemselves strongly come a day when the graph will against it. When a measure of this show a downward tendency, and kind, and of such vital importance to hold a strong view that this Budget, Hong Kong, meets with opposition coming at a time when the situation from so large and important a sec- is obscure, should have been framed tion of its population, when that op- to show a large surplus, which if position is based, as in this case, not realised, could have been held in a on any unwillingness to contribute to- special reserve, and utilized for the wards the cost of the war, but on rea- various projects Government have in sons sincerely advanced, when there view. It would surely be more are available alternative methods of businesslike to postpone these protaxation, less expensive and probably jects and give them consideration more speed of yield, then, Sir, prudence surely counsels its abandonment.

DEMOCRACY

We are told, Sir, and we like to believe, that this is a war to make the world safe for democracy. Government, by use of its official majority were to impose upon this Colony a form of taxation against which the representatives of the people, if may so call the unofficials, have expressed themselves so strongly and so unequivocally, it would be a sad commentary indeed on rule by the people.

MR. T. E. PEARCE'S SPEECH

Coming late in the batting order, and when the innings is about to be declared closed, I rather feel the Member has confined himself entirely completed. to the question of the Special War I regret that I must level a com-Budget, I would like to make one or plaint against the Sanitary Departtwo observations regarding the Or- ment, on the question of the cleandinary Budget.

I appreciate the fact these estimates most confirmed optimist cannot pre- were drawn up and completed before tend that the present state of Far the outbreak of the present war, and Eastern affairs does not give rise to I also appreciate the fact the Secreserious misgivings in our part. Gov- tary of State has recommended that ernment in these circumstances must we should continue with our social do nothing from which may arise a services, but I do not interpret in these recommendations that we are to I have two other, and these per- provide for expenditure on a large haps secondary, objections to income scale, to the tune of millions, for new tax. One of them is the strong pro- and expensive schemes during the

orandum on the financial position and

"In view of the uncertain outlook pletely all work on the Government

NO PESSIMIST

I am no pessimist as far as the future of this Colony is concerned, l but I do feel this same policy should have been adopted throughout this Budget, for I maintain and do sincerly suggest that the present is a time for caution and curtailment, and that not only the new Government House but other works, important though they may be, should have been held in abeyance until the atmosphere cleared, and a more normal state of affairs prevail.

It is clear Government has not altogether lost sight of the fact the recent prosperity of the Colony has no gainsaying the fact that much of Above all, Sir, I am convinced that this Colony's prosperity during the when prices of iron, steel and other imported requirements for building return to pre-war and reasonable levels.

MEDICAL DEPARTMENT

I am somewhat alarmed at the tremendous and rapid growth of the Medical Department, and the expenditure it is incurring with its formidable highly paid staff and consequent increasing pensions account. Although it may be heresy, I wonder sometimes whether we can afford this enormous

As I have frequently referred to expenditure on Air Raid Precautions at meetings of the Finance Committee, I must here again express my scepticism, as to whether the Colony is getting full value for its money.

I cannot believe it was ever antiobservations I have to make will not cipated that such a big amount was add much weight to the arguments to be expended, or such a large new addressed to this Council by the more department created. I hope the exsenior members of the unofficial body. penditure on capital account for As, however, the Senior Unofficial this new department will soon be

(Continued from Page 18)



PRARS', the century-old transparent soap, always a symbol of purity, is to-day the premier beauty accessory of lovely women the world over. Every day famous beauties refresh their complexions with Pears' "tonic action." Follow this simple daily beauty care yourself. Feel the stimulating Pears' lather revive the natural

roses in your cheeks. Your complexion will glow with radiant health and loveliness. Remember—a daily "tone-up" with Pears' is beauty rule No. 1!



PEARS' WASH BALLS

You will find the same matured

transparent purity of Pears' In

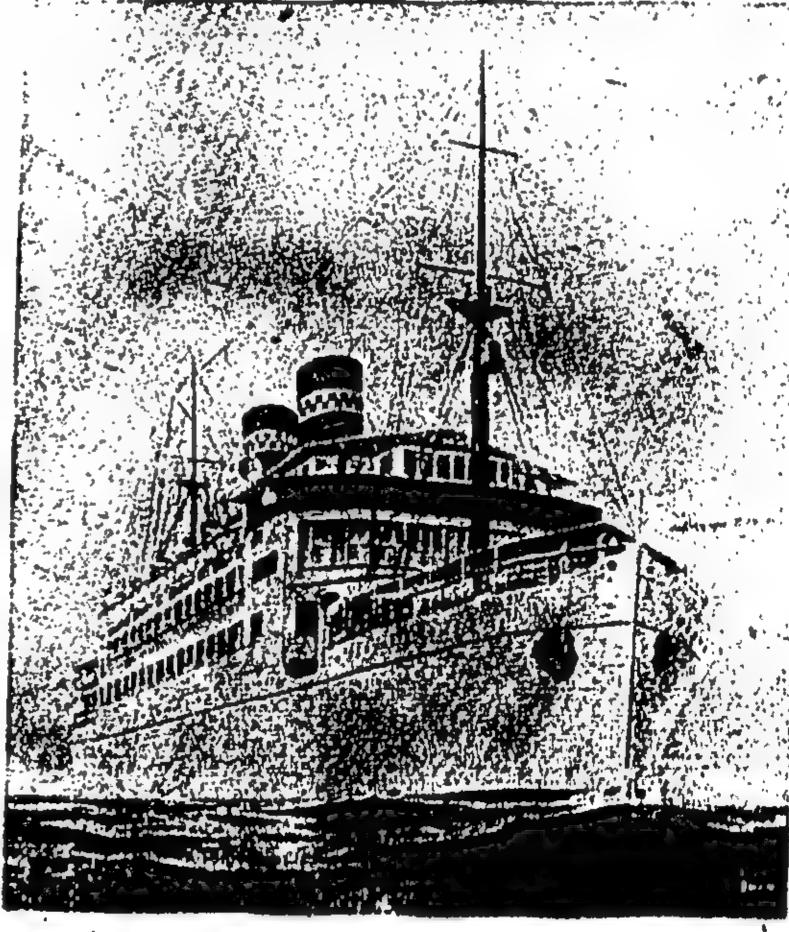
the convenient round Pears'

Agents: Jardine, Matheson & Co., Ltd.

BURNS PHILP LINE

Passenger & Freight Service To

AUSTRALIA



WE HAVE A VESSEL SAILING FOR SAIGON, MADANG, SALAMAUA, RABAUL, SYDNEY AND MELBOURNE EARLY IN NOVEMBER

Excellent passenger accommodation with a large number of single cabins at no supplement. Builtin Swimming Bath and Spacious Sports Deck.

Passenger & Freight Agents:---

Telephone 28031

P. & O. Building.

Worlds most acomicat

The Vauxhall 10 Saloon does over 40 m.p.g. On a recent R.A.C. Official trial, over 1,000 miles of public roads, the 10 h.p. Saloon did 43.4 m.p.g. And it has Independent Springing, Hydraulic Brakes, Controlled Syn-

chromesh and many other fine car

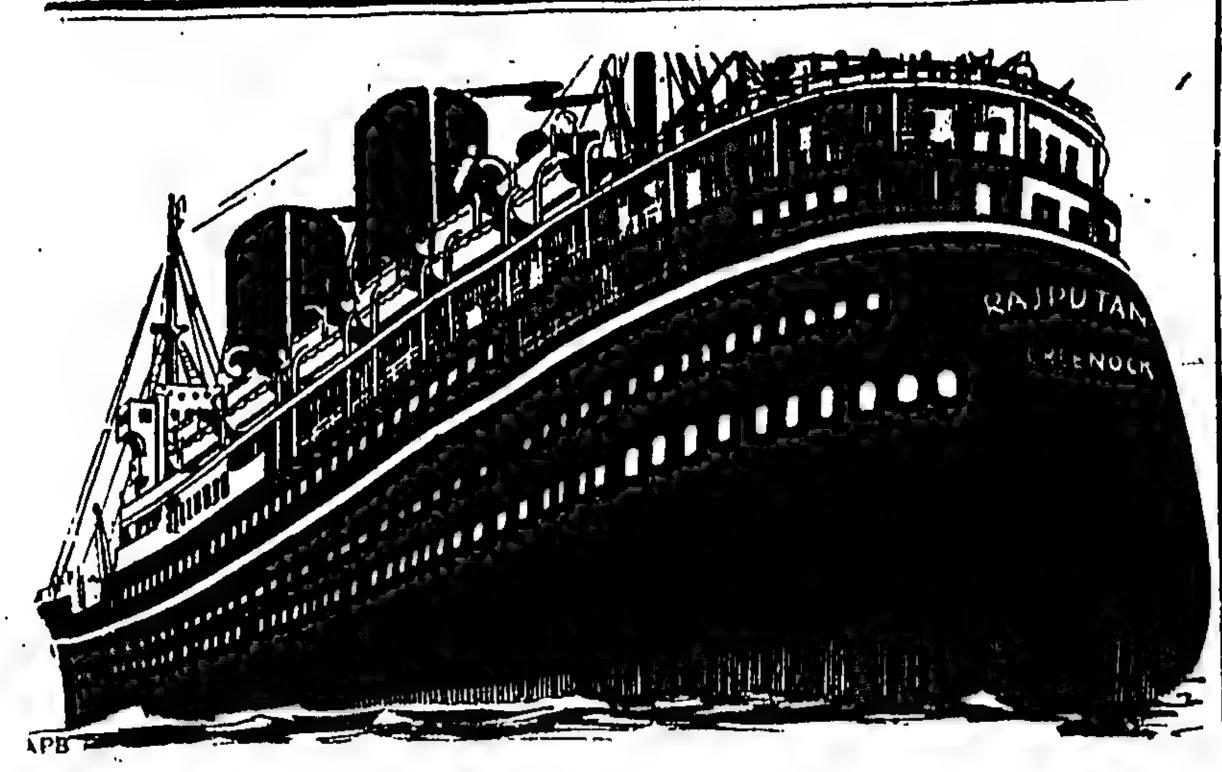
features.

Allow us to demonstrate the 10 and 12 h.p.

HONG KONG HOTEL GARAGE

Stubbs Ad.

Tel. 27778-9.



P. & O., B. I. & E. & A. LINES

maintain the following services:-

To UNITED KINGDOM - freight every (via Bombay).

To UNITED KINGDOM - passengers once a month (via Bombay).

To CALCUTTA

passengers every fortnight.

To AUSTRALIA

 passengers and every month.

ALSO FREQUENT SAILINGS FOR

JAPAN AND SHANGHAI

. All vessels may call at any ports on or off the route and the route and all sailings are subject to change or deviation with or without notice.

Passengers are requested to register their requirements but under present circumstances sailings are perforce restricted.

Details may be obtained from

MACKINION, MACKENZIE & CO

GERMAN DREAM DEFEATED AT START

THE DOMINATING FACTOR in the war at sea is the failure of the German attack on sea-borne commerce to achieve the results on which the whole of the German war plan hinged.

It was expected that the initial blow at British maritime trade would inflict losses on the scale of the April, 1917, sinkings, thereby causing an acute shortage and a disorganisation of British supplies and industry and causing public consternation calculated to force the British Government to accept German terms for the cessation of war.

Germany expected to achieve this in the first fortnight of the war, before the British had time to organise any efficient defence of her widely scattered maritime interests.

For this reason, Germany had a number of U-boats stationed in ocean trade routes before the outbreak of the way and the first sinking was within a few hours after the declaration of war.

In the first fortnight of the war, British shipping losses amounted to 27 ships, totalling 151,000 tons.

IN CONTROL

In April, 1917, the losses amounted to nearly 10 per cent of the total clearances and arrivals, whereas the losses in this war was little more that one per cent of the total clearances and arrivals.

By the end of the first fortnight of the war, the British Maritime Trade defence measures were beginning to operate with the result that British losses were greatly reduced.

The average British losses in the last few weeks have been only three ships weekly and these losses are netreight gligible in comparision with the volume of British' Mercantile Trade operating-amounting to more than 18,000,000 tons.

IN DESPERATION

in desperation Germany sent out the pocket battleships "Scheer" and "Deutschland" to act as commerce raiders, but hitherto these ships have achieved practically nothing.

The reason is probably because of the British grip on supplies, and on German shipping which might act as supply ships.

German U-Boats are now reluctant to attack convoys and fall back on laying mines in navigational channels new low for six years, due to unconand off headlands, which is contrary to International law, which demands the announcement of mined areas .--Reuter.

JOURNALIST

London, To-day. In the House of Commons at question-time yesterday, Mr. R. A. Butler, Under-Secretary for Foreign Affairs, said that Lord Halifax was not prepared to lay as a White Paper the text of the interview recently given to the newspaper "Asahi Shimbun" by Mr. Chamberlain Anglo-Japanese concerning relations.

Mr. Butler said he would consider a request that the text of Mr. Joseph Grew's recent speech in Tokyo be placed in the library of the Com-

Mr. Noel Baker asked if an assurance could be given that Mr. Chamberland's declaration was based on fundamental principles of foreign policy.

Mr. Butler replied: Yes. The foreign policy of the British Government is both unified and funda-

LOW LEVEL

New York, To-day. Sterling continued to weaken under pressure, while the belga reached a firmed rumours that Germany might violate the neutrality of Holland and Belgium, according to Dow Jones.-Reuter.

TRAVEL A.-O. LINE

TO

AUSTRALIA

CALLING AT MANILA, THURSDAY ISLAND. CAIRNS, TOWNSVILLE, BRISBANE, SYDNEY AND MELBOURNE, ETC.

NEXT SAILING

THE END OF DECEMBER

For Freight or Passage, apply to :-

Agents.

Hong Kong, China & Japan.

PRESIDENT LINER Sailings

TRANS-PACIFIC SERVICE.

SAN FRANCISCO & LOS ANGELES Via Shanghai, Japan & Honolulu ROUND-WORLD SERVICE

NEW YORK & BOSTON Via Manila, Singapore, Penang, Colombo, Bombay, Suez, Port Said, Alexandria, Naples, Genoa and Marseilles.

AMERICAN PRESIDENT LINES

" ROUND-WORLD SERVICE."

"Also Agents for 'TWA,'

The Popular Trans-Continental Air Line" 12, PEDDER ST. TELEPHONE 28171.

BAGGAGE TRANSFERS

Telephone.

Efficient and Secure

27761

CHINA PROVIDENT LOAN & MORTGAGE CO., LTD.

to Engage our Service.

1	2	3	4	7	5	6	7 ,	8	1	9	10	11
12		1		13		-			1	14		+
15		1				16	<i>p</i> -		17			T
		18			19		20	1	~		21.	+
22	23		24			25		26		27		
28		29		30			31		32		33	34
15	1	-	36.		-37	·		38		39		1
10	 			41		42 .			43		44	

OUR. 10-MINUTE CROSS-WORD

			1 :	F .	1			1	i		1	
28		29		30			31		32		33	34
35		•	36.		-37	•		38		39		
40				41		42			43		44	\top
		45			46		47		,	48		
49	50		51			52		53			54	55
56		57			-		58		59			T
60				61				62				
63	 			64						65	 	1-

HORIZONTAL

- 1 Tone of voice
- 5 Employed
- 9 Craft
- 12 Increasing
- in amount 14 Falsehood
- 15 Perforated sheet metal
- 16 Pungent relish
- 18 Benches
- 20 Card game
- 21 Comparative
- ending 22 3.1416 24 Harvest
- 26 Uppermost
- part 28 Part of
- circle
- 30 Regretted
- 32 Prong
- 35 Shelter 37 Jump
- 39 To outfit
- 40 Mountain
- range 42 Real estate
- 44 Preposition 45 A pilaster
- 47 Periods of

- 49 Pronoun 51 Placid
- 56 Earlier
- 59 Athena 60 Western Indian
- side
- of the
- 53 Coral reef
- 61 Caressing
- 64 Exploits 65 French:

- 63 Sheltered
- VERTICAL l Encoe (Fr.) 2 Cuckoo
- 3 Pace Cut apart 5 Pronoun 6 Mere taste
- 7 Pertaining to an age (var.) 8 Warehouse
- YESTERDAY'S SOLUTION

			,,,			•	Ŭ	_			•	_	
1	C	L	0	T	8				В	A	L	E	8
	R		O					P	A'	Ţ	E	N	T
	A	M	7// 2	R	E	V	E	R	8	R		Ţ	I
	Y	ט	D	11/1	D	E	М	I	Н	<i>///.</i>	D	E	M
	P	R	0	D	M.	R	q	N	<i>\\\\\</i> .	P	A		T
		8	U	R	P	/// //	8	T	R	Δ	15		
		•	В	B	A	R	<i></i> ////.	8	A		Ð		
		Ø	L	K	T						L	T	
	8	P	B				_		1//		E	Δ	K
•	H	I	D	1//	L				R	_	D	D	9
	A	N	11/1	C						8		T	의
	P	A	R	A	D	B		L	Λ	D	D	E	Ӵ
'	E	L	A	T	B				P	Z	B	R	

- 9 The fourth
- 11 Cleave
- 17 Under-
- 23 Fetter
- 27 Hole 29 Musical
- passage 33 Negative
- 34 Self 36 Fortify 38 Prefix:
- 41 Gazed steadily.
- 48 Dense 49 Handle

- caliph

- estuary
- 31 Small valley
- beyond
- 43 An Asiatic 46 Put in row
- roughly
- 54 Unaspirated

- 10 A grain
- 13 More recent
- ground part
- 19 First king of Israel
- 22 Brazilian
- 25 Chirp

- 50 Heraldry: grafted 52 Style
- 55 Falls behind 57 Pagoda finial 58 Communist

62 Conjunction



PACIFIC & NEW YORK SERVICES

Are maintained as hitherto.

Information regarding INWARD CARGO and all matters relating to freight and passage will gladly be given by -

SWIRE,

AGENT8

Tel. 30332

1, Connaught Road, C.

SAILINGS FROM HONG KONG SUBJECT TO CANCELLATION

NEW. YORK via Japan, Los-Angeles. and Panama, Call Direct at Cristobal, Boston, Philadelphia and Bal-

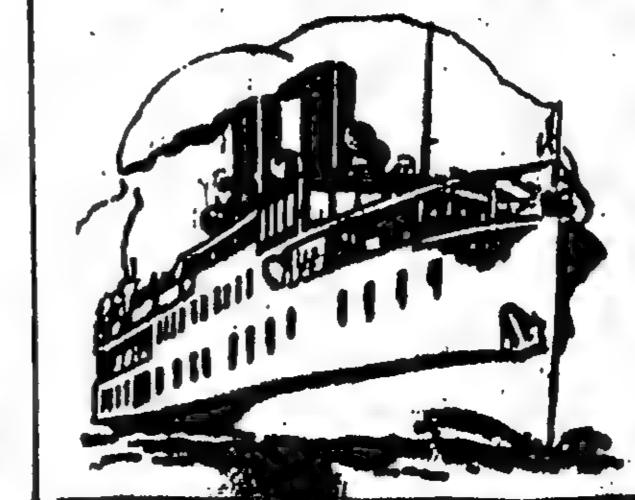
timore RIO-DE-JANEIRO, SANTOS, MON-TEVIDEO & BUENOS AIRES via Singapore, Colombo, Durban and Cape Town

MOMBASA, ZANZIBAR, DARESSA-LAAM, BEIRA, LOURENCO MAR-QUES, DURBAN, ALGOA BAY, CAPE TOWN & SOUTH AMERI-CAN PORTS via Singapore & Colombo

BOMBAY & KARACHI via Singapore, Penang and Colombo CALCUTTA via Singapore Belawan Deli & Rangoon FORMOSA

PARTICULARS 1 PHONE 28081 OR APPLY TOUGHTH

JOINT SERVICE OF THE HONGKONG, CANTON & MACAO STEAMBOAT CO., LTD. & THE CHINA NAVIGATION CO., LTD.



CANTON LINE

Kinshan sailing for Canton next week.

MACAO LINE

DAILY SERVICE (Including Sunday)

wireless, Queen's Building, Connaught Road * Phone 20101

Note:--All vessels equipped with

CHIROPODIST

THE Hotel Company has acquired the services of a QUALIFIED CHIROPODIST, who will have his surgery at the

HONG KONG HOTEL

Outside appointments at the Peninsula and Repulse Bay Hotels can be arranged.

> ALL ENQUIRIES AT THE HONG KONG HOTEL RECEPTION OFFICE 30281 TELEPHONE

THE HONG KONG & SHANGHAI HOTELS, LTD.

KAIPING COAL

FOR ALL PURPOSES

HOME, FACTORY

AND BUNKERS



POWER HOUSE,

TUGS & LOCOS

THE KAILAN MINING ADMINISTRATION Head Office: - TIENTSIN.

Agents: - DODWELL & CO., LTD., Hong Kong.

INCOME TAX DEBATE

(Continued from Page 15) is some difference of opinion in regard to this matter, and also some difficulty in regard to the water supfactory solution of these differences will be arrived at, for I feel strongly, as do many others, that money will be well spent if our roads and streets are kept in clean condition.

SQUATTER SETTLEMENTS I must also comment on the Squatter Settlements in various overcrowded districts, particularly the wo matshed buildings are allowed discriminately on the hillsides. appreciate there are numerous difficulties in the way, but I maintain these settlements are no credit whoever is responsible for their supervision.

As one who has from time to time voiced criticism, I should be wanting in my duty if I did not make some reference to Pensions, for this is a subject that is constantly discussed in business circles with ever increasing alarm and apprehension.

The Colony is fully justified in its demands that this question be tackled forthwith, and a scheme evolved whereby it will definitely know its total committments from year year, and not have to rely upon an estimate in the Annual Budget. cannot believe there is any better service the Financial Secretary can render this Colony than for him to solve this stupendous problem satisfactorily.

GETTING OUT OF HAND

Although I am not altogether satisfied the pensions already being enjoyed cannot be put on a proper actuarial basis, the future can surely be catered for by the institution of some sound Provident Scheme.

I venture to suggest, Sir, this question is already getting out of hand, and unless dealt with firmly, efficiently and immediately, will be too heavy a load for this Colony to bear. I hope it will not be long before Government can make some announcement, that an expert is deal-

ing with the whole question. The Senior Unofficial and other members have dealt at some length with the question of the Special War Budget, and Government proposals to introduce Income Tax to provide funds for this Budget.

INCOME TAX I confirm, Sir, that it is the considered opinion of the Committee of the General Chamber of Commerce, the introduction of Income Tax will be a hindrance and a deterrent the future prosperity of this Colony.

As has already been advised you, Sir, this was the unanimous

opinion of that Committee. The principal reasons for arriving at this decision have already been outlined by the Senior Unofficial member, and by the Hon. Mr. S. H. Dodwell and others, and need not be further elaborated at this juncture. I hope Government will consider the arguments put forward adequate, and will be willing to accept the suggested alternatives, which it is estimated will

bring in a revenue of \$6 to \$6½ milliness of our streets. I believe there lion without having to create any ex-

pensive collecting organization. There seems to be abroad in some circles a feeling the British communply required. I hope that a satis- ity is unwilling to shoulder its proper responsibilities. I desire to closely associate myself with the remarks made by the Hon. Mr. S. H. Dodwell in this regard. There is no need to add further to them.

There is no reluctance, as far as I am aware, to take our share in the war time responsibility of the Empire, but I do most strongly feel that the financial and commercial interests of the Colony and therefore its future properlty will be adversely affected by the introduction of a levy in the form of the proposed Income Tax.

MR. LI TSE-FONG ON WAR'S IMPACT

The Hon. Mr. Li Tse-fong said:-The Senior Unofficial Member and other honourable members have spoken very fully on to-day's debate, and as I am a comparatively new member of this Council I have only a few observations to make.

agree with the Government's. policy that there should be as little disturbance as possible with the Colony's current activities and development schemes, and I venture to think that the provisions made for public works extraordinary are by no means extravagant. All works provided for in the estimates for the development of health and education, that would confer common benefit to the community, should be proceeded with without any avoilable delay. I earnestly hope that in the event of Government being called upon to cut down expenditure in order to balance the Budget, this should not be done at the expense of Health and Educa-

Although the present is not opportune for me to advocate larger appropriation for the extension of these essential services, I feel that in the matter of education I must call Government's attention to the lack of provision for the building of model vernacular primary schools as recommended by Mr. Burney in his Report issued on May 27th. 1935.

SERIOUS WEAKNESS

In urging Government to give this matter its careful consideration, I will quote the following passage from the Report in regard to primary vernacular education in the Colony:-

"It is a serious weakness in Hong Kong's educational system with result felt through the school career of many of the children that the school in which the primary foundations are laid should be of so poor a quality. This is the more regrettable when it is remembered that for many children education ends at the primary stage. In fact it is evident that the Government's expenditure on Higher (including Secondary) Education is out of proportion to its expenditure on Primary Education.. On these grounds it is recommended that the Government should assume as soon as possible larger responsibilities in primary education and the best way of doing this would be to build, as a start, two or three large primary schools in the City of Victoria, staff them only with fully trained teachers, inspect them. properly and thus make, them fit to serve as models for schools conducted by private enterprises. These new schools should be free, an innovation which would not be very costly since any fees charged could only be small."

PRIVATE SCHOOLS

Some of the schools conducted by private enterprises, I. must say, are fine institutions but the general conditions of many others are far from satisfactory. The Community are predominantly Chinese, and as taxpayers they have the right to expect that Government should "assume full responsibilities in the primary education of their children. I submit that it is now the general accepted policy of all modern nations to provide at least the primary education necessary for every citizen as a common benefit and to make it free to all the recipients.

This leads me to a consideration of the Board of Education. It was es-tablished in 1920 "for the purpose of assisting the Director of Education in. matters pertaining to the developmentand improvement of education in the Colony,"and has since then remained as a purely advisory body. It is an important body, and I feel that it is time that the constitution of the Board should be reviewed and its function extended. A desirable feature of any new change would be the (Continued on Page 19)

POST EARLY FOR CHRISTMAS

a copy of the finest and most artistic Picture Album of the Colony containing 34 excellent photographs of local scenery and native life:

-HONG KONG-"LA PERLA DEL ORIENTE"

- Price \$1.50 -

-ONE COPY FREE-

to every customer buying \$10 .- worth of CIGARS and CIGARILLOS, SIMON" ARZT. TEOFANI-HILL'S Tobaccos, BALKAN SOBRANIE- SPINET- & SUNRIPE CIGARettes, BALKAN SOBRANIE- & PIPES and SMOKERS' REQUISITES during November and December at

HONG KONG

INGINORIS CIGAR STORIS TA DIDIA THE CURRENT

KOWLOON

INCOME TAX DEBATE

(Continued from page 18)

institution of several select commitwith various educational activities tees, on similar lines as the Urban Council for the purpose of dealing such as registration of private schools, awarding of Government scholarships and recommendations of grants to . aided schools.

A.R.P. EXPENDITURE

In the matter of expenditure under Air Raid Precaution I wish to draw the attention of Government to 'the total lack of provision for shelters for civilians who may be out in the open in time of emergency. I realise the peculiar formations of this Colony that make it almost impossible to pro- Finance Secretary will agree with me vide shelter for everyone, but I venture to think that it may be possible Colony is not at all precarious but at a small cost to build a number of is, in fact, quite sound. The Colony's interference with the free movement small underground shelters or in the surplus at the end of 1939 would proalternative to strengthen some of the bably be more than what is budgetpublic buildings in the City to provide ed for in the revised estimate when for such an eventuality.

INCOME TAX

The proposed imposition of . Income Tax has been dealt with by honourable members who spoke before me, and I am in agreement with the remarks made by my Chinese Colleagues.

Before I offer my personal observations on this very important matter I wish to say that the Chinese Community, whose views my Chinese colleagues and I have the honour to represent, are not unconscious of the duty of all citizens in this Colony in connection with the present war in Europe. They realise that the Colony should do its utmost to make contributions to the war chest to the full extent of its resources as a token of the Colony's loyalty to the Imperial Government. The Chinese Community are most grateful for the protection and security afforded to them in this Colony and I feel that they will not | hesitate to give their support to the Government in any financial measures other than Income Tax in connection with the war. The opposition to the proposed imposition of Income Tax as far as the Chinese Community are concerned, is not based on any political grounds but is entirely for economic reasons.

DAMAGE FEARED I share the view which has been expressed both inside this Chamber and outside that in view of the peculiar economic structure of the Colony as an entrepot which is apt to be adversely affected by the war in Europe the imposition of this form of taxation at the present juncture may inflict such damage to the vital inter-

ests of the Colony that it may not be able for a long time to regain its importance.

In modern countries where industrial organisation is well advanced and the population is well educated and the standard of living is more or less uniform, Income Tax, from the point of view of equity and faculty, is perhaps one of the best forms of taxation. But it is noteworthy to observe in the Taxation Committee Report of 5th April 1939 that even in these modern countries "incessant vigilance is necessary to prevent - evasion." In Hong Kong with its peculiar economic conditions and its peculiar composition of population, the task on the part of the Administration to carry into effect such "incessant vigilance" may prove to be formidable and costly.

IMPACT OF WAR .The impact of the war in Europe is beginning to tell on a large section of the Colony's manufacturing industries such as cotton goods, shirts and singlets, rubber wares and shoes, cosmetics and electric torches and batteries, mainly due to increasing cost of imported raw materials and transport. Any further encumbrance which a new impost such as Income Tax may impose upon those industries may compel them to move out of the Colony. What I ask is that the Gov. ernment should not make difficult for these industries to carry on if it can possibly help it.

In the matter of Exchange Control the Government has recognised this Colony's peculiar position and was quite right in applying special treatment to solve that problem. It is therefore logical that on the question of taxation, we are entitled to similar special considerations bearing in mind that any form of taxation which would tend to drive capital and industries away from this Colony should be avoided as far as possible.

NOT SIMPLE TAX At the present stage when full de-

not yet available to the Public, would only add that Income Tax, being in reality not a simple Tax but a complex system of taxation, is not a desirable form of taxation for this Colony.

There have been many proposals put before the Government as alternative methods for raising the necessary revenue for this war budget. realise that some of these proposal would place the main burden of the additional taxation on some particular tained. sections of the community but as war measures a certain degree of inequality is unavoiable.

FINANCIAL POSITION

I hope that the Honourable the that the financial position of the duties on petrol and liquors have been higher freight rates. the year.

the Colony's surplus which, at timistic can hardly expect to continue

\$13,562,235.00 as on 1st January 1939, without a serious dip in the curve. represents over 33 per cent. of the total ordinary revenue for the whole

MR. SHIELDS AND CAPACITY TO PAY

The Hon. Mr. A. L. Shields said:have no comments to make on any of the items in the Estimates now before us but would express some concern that the estimated Revenue to meet the Expenditure is based on returns for the current year and in anticipation of these figures being main-

While I am in no way despondent about the ultimate future of the Colony I must voice the views held by the General Committee of the Chamber of Commerce that future Revenue may be seriously affected by the continuance of the closure of Chinese ports, the advent of the War which with possible trade restrictions for the conservation of currency, Government

came into effect on the 2nd half of of Government still grows like the direct competition with Hong Kong. "green Bay tree", Pensions and Emo- It may be said that Hong Kong will In my humble opinion if Govern- luments are increasing, we have to always be attractive on account of the ment fail to raise the necessary provide large sums for social services, security offered but I believe the old amount of revenue for the require- Defence etc. and necessary Public order in China is over. 'The new ments of the war budget by means Works have to be postponed in spite China will be run by Officials whose of taxation other than Income Tax, of our inflated revenue due to unusual increasing patriotism will oblige them the Government could fall back on conditions which even the most op- to do the best they can for their own

LIGHTLY TAXED

The Unofficial Members of this Council welcome the assurances given by Government that a number of the schemes for which preliminary grants have been made will be reduced or deferred if Revenue shows signs of decreasing.

It is true there is always the taxpayer to fall back upon and you Sir stated in your speech on 12th October that this Colony is lightly taxed. Any taxation which can be avoided is an unnecessary burden on the Community. The taxpayer's capacity to pay is not unlimited and in a serious depression such as we have seen periodically, heavy taxation will tend to make the taxpayer fold his tent and imitate the proverbial Arab. It will certainly keep out new capital and new industry, and a vicious circle on the downward track may well cause future Governments much heart burning and anxiety.

CHINA TRADE

When China reopens to normal of trade by the use of import and ex- trade much of the money now here port permits, the stoppage of trade may seek investment and business with Germany and the reduction of opportunity elsewhere. The improvwe take into account the fact that Steamship space available at much ing facilities in neighbouring ports and the possible provision in these doubled and the increased assessment. The burden of expenditure for cost ports of duty free zones will be in (Continued on Page 24)

THAT THE PRESENT PRICE OF PETROL' IS WE MUST, THEREFORE, HAVE SHOCKING. OUR ENGINES AS EFFICIENT AS POSSIBLE, AND IF YOU OWN A

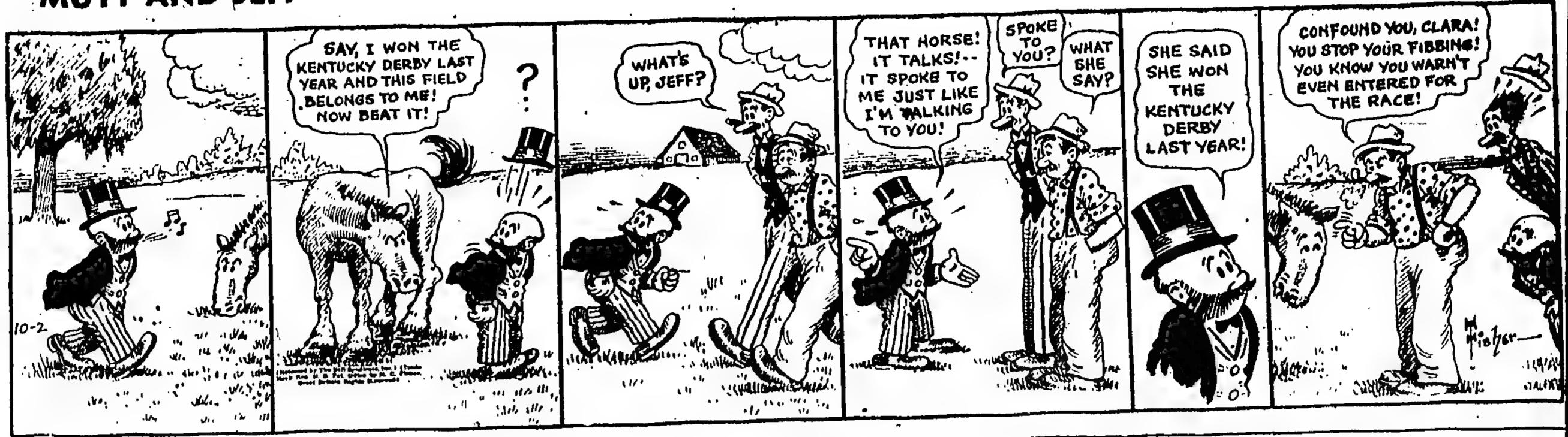
MOWOG

(MORRIS - WOLSELEY - M.G)

THERE IS ONLY ONE PLACE WHICH CAN ACCURATELY TUNE YOUR BURETTER - I.E. DODWELL

AGENTS FOR ALL THE ABOVE ARTICLES.

By BUD FISHER



Bournemouth Municipal Orchestra

Jodays VValus

Max Bruch

5.45 p.m.—Studio—Children's Hour. 6.45 p.m.—Closing Local Stock Quota-

6.47 p.m.—John Goss (Baritone) and the Cathedral Male Voice Quartet. Blow The Man Down; Tom's Gone to Hilo (arr. Terry).

Lowlands; Highland Laddie (arr. Taylor Harris). Ten Thousand Miles Away (Willan). Agincourt (Willan); Here's A Health

Unto His Majesty (Harris). 7.00 p.m.—The Bournemouth Municipal Orchestra. Pique Dame, Overture (Suppe).

Chanson Triste (Tchalkowsky). The Two Imps (Alford): Dancer Of Seville (Grunow). Le Prophete - Coronation March 8.00 p.m. Thopal Time Signal, Weather (Meyerbeer).

ZBW 355 M. (845 k.c.'s) and 31.49 M. 9.52 megacycles)

7.23 p.m.—Songs by Charles Kullman 8.03 p.m.—Swing Music. (Tenor). On The Road To Mandalay (Kipling-Speaks).

I'm Falling In Love With Someone (Young-Herbert). Serenade (Ravini).

7.35 p.m.-Max Bruch-Concerto No. 1 In G Minor, Op. 26. Yehudi Menuhin (Violin) & London Symphony Orches cond. by Sir Landon Ronald

Report and Announcements.

Dopey Joe; Buck Dance Rhythm.... Slim and Slam. Blue Skies (Berlin)..., Maxine Sullivan (Vocal) & Her Orchestra. Love Is Where You Find It (film 'The Garden of the Moon'); They Say....Mildred Bailey & Her Orchestra with Vocal by Mildred Bailey.

Lady Be Good; Shoe Shine SwingCount Easie Quintet.

Adios Muchachos; I'm Forever Blowing Bubbles.....Ella Logan (Vocal) with Perry Botkin & His Orchestra.

8.30 p.m. - Harold Ramsay at the Organ.

St. Louis Blues (Handy). Rodeo March (Ramsay). Famous Tauber Melodies. Intro: You are my heart's delight; Golden Song; In your arms to-night: Serenade; Villa; Impatience; O Sanc-

tissima. 8.45 p.m.—Studio-Talk on "Life in 111.00 p.m.-Close down.

Concerto No.

England Now". 9.15 p.m.-London Relay-The News. 9.30 p.m.—Four Songs by "Our Gracie"

(Gracie Fleids). When Summer Is Gone (Harrison & Wilhite); I Got A "Code" In My "Doze" (Fields & Others); I Can't Remember (Berlin); Whiskers . And All (Weston & Others).

9.43 p.m.—Billy Russell (Comedian) in "On Behalf Of The Working Classes".

10.00 p.m. — Musical Comedy with Bobby Howes, Binnie Hale and With the Others "Yes Madam?" Hippodrome Theatre Orchestra cond. by Joseph Tunbridge.

10.34 p.m.—Dance Music. Fox-Trots-You Grow Sweeter As The Years Go By; Our Love.... Jack Hylton & His Orchestra.

Fox-Trot - Make Those People Sway; Comedy Fox-Trot - Poor Old Flo...Jack Jackson & His Orchestra.

Fox-Trots-Turkey In The Straw; Hot Time In The Old Town Tonight....Freddie "Schnickelfritz" Fisher & His Band.

Fox-Trots-Tiny Little Fingerprints; Sleepy Time In Sleepy Hollow New Mayfair Dance Orchestra.

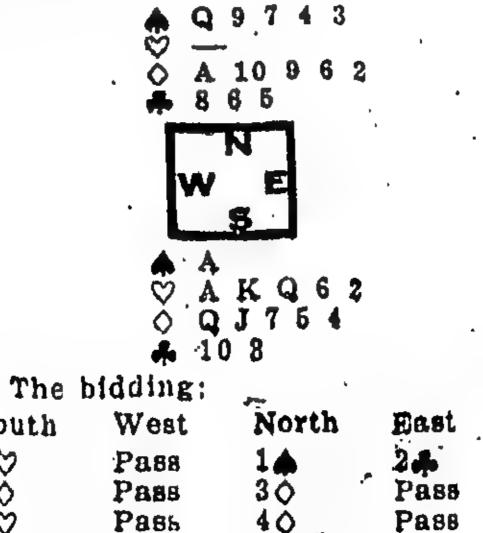
(By The Four Aces)

David Bruce Burnstone, Merwin D. Maier, Oswald Jacoby, Howard Schenken . . . World's leading Team-of-Four, Inventors of the system that has beaten every other system in existence.

A PROBLEM IN PLAY.

We wish to present a problem in would East abandon the suit and shift deduction, which we feel confident to a spade? There is only one possiour readers will solve. A glance at ble answer-East knew that South the bidding will show that East at | would trump a club with the diamond one stage bid clubs, and South Jack and that West would be unable eventually became Declarer at a con- to overtrump. South would then be tract of five diamonds. We are able to place the diamond King in omitting the East and West hands.

South, Dealer



Pass Pass West opened the Jack of clubs, which East overtook with the Queen. | case you will continue. East, next cashed the King of clubs

HIGH CARD VALUES OF THE POURACES SYSTEM KINC QUEENI JANA K. T.

South

and then shifted to a spade, which South won with the singleton Ace. It is now
incumbent upon you,
as the South player,
to win the remaining tricks in order to
fulfill your contract.
Before reading our

The proper play is to lead a diamond from your hand and go up with dummy's Ace, for East is deanitely marked with the King. Why? After winning two club tricks why !.

East's hand. Furthermore, the King was certain to be a singleton, for. otherwise East would have had nothing to lose by playing a third round of clubs.

Did you solve it?

Saturday you were Merwin Maier's, partner and held:

The bidding: Schenken Maler Burnstone Pass

ANSWER: Your correct bid is two spades. This bid is slightly more encouraging than one notrump. You hope partner will bid again, in which

Score 100% for two spades, 60% for one notrump. QUESTION NO. 258 David: Bruce: Burnstone is your

partner to-day and you hold:

What do you bid? Answer

(Released by The Beili Syndicate,

CAR ACCIDENT

Five were injured in a serious car accident on the Castle Peak Road, near the Brewery, at 10.30 o'clock this morning. The car in which they were riding ran into a tree.

The car, licence No. 733, contained two men, two women and a child of about 2 years of age, all Chinese. According to preliminary reports, the car was being driven from Kowloon to Un Long when it met a car on the wrong side of the road.

In order to avoid a collision, the driver of car 733 swerved, but hit a tree. The tree was torn up by the roots and the car badly damaged. All the occupants were admitted to hospital, but the extent of their injuries is not yet known.



A perfect hostess is she who can successfully ignore running ever ash trays.



THE

PENINBULA HOTEL; HONG KONG HOTEL: REPULSE BAY HOTEL;

ASTOR HOUSE, PALACE HOTEL

LIMITED

in association with the Grand Hotel des Wagons Lits, Pelping

MR. CAINE'S SPEECH

(Continued from Page 14) For those firms I can only suggest that the necessity of compiling accounts for income tax purposes should be a blessing in disguise and not a matter to be regretted.

I might here refute the general apprehension that the keeping of accounts in English and the rendering of returns in English will be obligatory: no such intention has ever existed.

"MYSTERY" ACCOUNTING The honourable the senior Chinese member has made comments on questions of administration which form the main basis of his object in principle and which I therefore want to comment upon in some detail. First, with all respect. I do not believe in this mystery of Chinese accounting; nothing I have heard of it suggests that it is very different from the system adopted by small businesses in Europe as distinct from the complicated accountancy of big European firms; and the adjustment of such accounts for

income tax is common routine.

Secondly, I cannot follow him in his belief that humanity is divided into Chinese and the rest. he argument that has never been The income successfully applied to Chinese is appealing, but what are the facts? As to China Uself, it is surely obvious that the

any such effect.

I still believe that that advice was entirely sound. Again I would like to remind honourable members that this is a tax on income and not a tax on invested capital as such or on the conduct of business as such. The imposition of income tax will impose no hindrance to the setting up of a business here, and if that business is not successful it will pay no tax. If it is successful I do not think that the man who started it will go away because he finds that he has to pay a proportion of his profits to Government.

Again, that is not true of any alternative tax. Increased rates, a sales tax, higher charges for electricity and telephones would all be burdens on a new business from its very commencement and whether or not it was profitable.

H.K. ADVANTAGES

certain advantages to offer to business and manufacture, i.e. security, It is usually argued that inalmost unique harbour facilities, an come tax is not suited to agriadministration which we can claim cultural countries but only to to reach a high standard of honesty trading communities. Government is and impartiality, and freedom from certainly not lacking in solicitude for irksome restrictions. These advan- the re-export trade, as our reluctance tages will remain and when some of to impose the full system of exchange the wilder talk about the imposition and import control demonstrates; and of an income tax has died down I do it is Governments' view that the nanot believe that the enterprising busi- ture of our trade does make very unness man will refrain from coming desirable many kinds of taxation and here to make a profit merely because that profit will not be quite so large how that trade is damaged by a tax as it might have been. It is, however, which imposes no hindrance whatever as it might have been. It is, however, alleged that the existence or prospect of an income tax will drive capital away from the Colony and is in fact doing so. There are few things about which more nonsense is talked than about capital being removed from a country. The buik of the capital invested in Hong Kong is invested in property, and in plant and equipment of all kinds for example the cables of the relephone and make the cables of the relephone and the example tricity companies, which cannot very well be removed from the Lobory and it disaster have been might be removed from the Lobory and it disaster have been realised so far an about the capital have been realised so far an about the capital in other countries, without all that can have to such the capital to be a second to the fact that the owner at a capital to the more finite kinds of however, will remove the capital to the more finite kinds of however, will remove the capital to the more finite kinds of however, will remove the capital to the more finite kinds of however, will remove the capital to the more finite kinds of however, will remove the capital to the more finite kinds of however, will remove the capital to the more finite kinds of however, will remove the capital to the more finite kinds of however, will remove the capital to the more finite kinds of however, will remove the capital to the more finite kinds of however, will remove the capital to the more finite kinds of however.

it is a matter of indifference to Gov- in Europe has thought that for the mo- expensive to collect since it would inernment whether that tax is paid by ment London would be a safer place volve detailed scrutiny of the ac-

kinds of capital which can be re- variations in the net returns upon it department. moved. The principal type of such and if the security of Hong Kong can Proposals which have more to comcapital is actual cash balances which be maintained, which after all is the mend them in the way of simplicity may be placed on deposit with banks fundamental reason for our selfish are for further increases in the duty

drive capital away in the future but that the prospect of it is aiready doing so. I do not know where that information is obtained.

age increase of about 1½%. These are the only indications from which I personally can form any judgment as to whether capital is leaving the Colony and they suggest that it is not. No doubt I shall again be told it followed troduction of a general customs tariff. not. No doubt I shall again be told troduction of a general customs tariff, time it seems to be far more likely to Government does not know about and The cost of a customs department prevent further investment of capital Government does not know about and that the colony, if it really is the case sible for the Government to know of an income tax department, and that the property owner would pay. things if the people who claim to I am sure that I should have the sup- In fact, however, I believe that a large

' I say asserted because I have never heard any attempt to prove or even explain the statement.

I have heard the echoes of a good many discussions about introducing income tax in various countries and it is curious how unanimous the opponents always are that their particular country is so peculiar that what works elsewhere will not work there; but the common plea is rather Hong Kong has had and still has the opposite of this particular theory. USUAL ARGUMENT

suggested special treatment it is ex-, urged by the Secretary of high rates of income tax prevailing in plies to the suggestion of the United Kingdom have never pre- sales tax, which in addition vented enormous influxes of money to should expect to be

the Income Tax Committee provides that bank interest payable to non-residents shall be exempt from income tax.

It is alleged not merely that whatever foundation those apprehensions had in fact will be further residents. duced when the draft Bill emerges from the Committee.

ECONOMIC EFFECT

quarters that our entrepot trade makes its collection would entail would do of the community. Moreover any inthore damage to Hong Kong trade, crease in the cost of living accommo-

A DEFECT

It is a very 'important additional defect of a general customs tariff that it necessarily taxes people according to what they spend, not according to what they receive; and it therefore bears more heavily on the poor man whereas I think we should all agree that any new tax to be imposed should bear more heavily on the wealthier members of the community. That point had been very strongly

tremely instructive to note that the Precisely the same objection ap-Kong income tax if it is imposed, and London when the nervous capitalist susceptible of evasion and particularly the existing owner or by somebody to keep his money in that in any other counts of all businesses including else who buys his property from him. financial centre, I believe that the those innumerable small shops whose capitalist is more interested in the profits would be too low to bring them I do not deny that there are other security of his capital that in small within the purview of an Income Tax

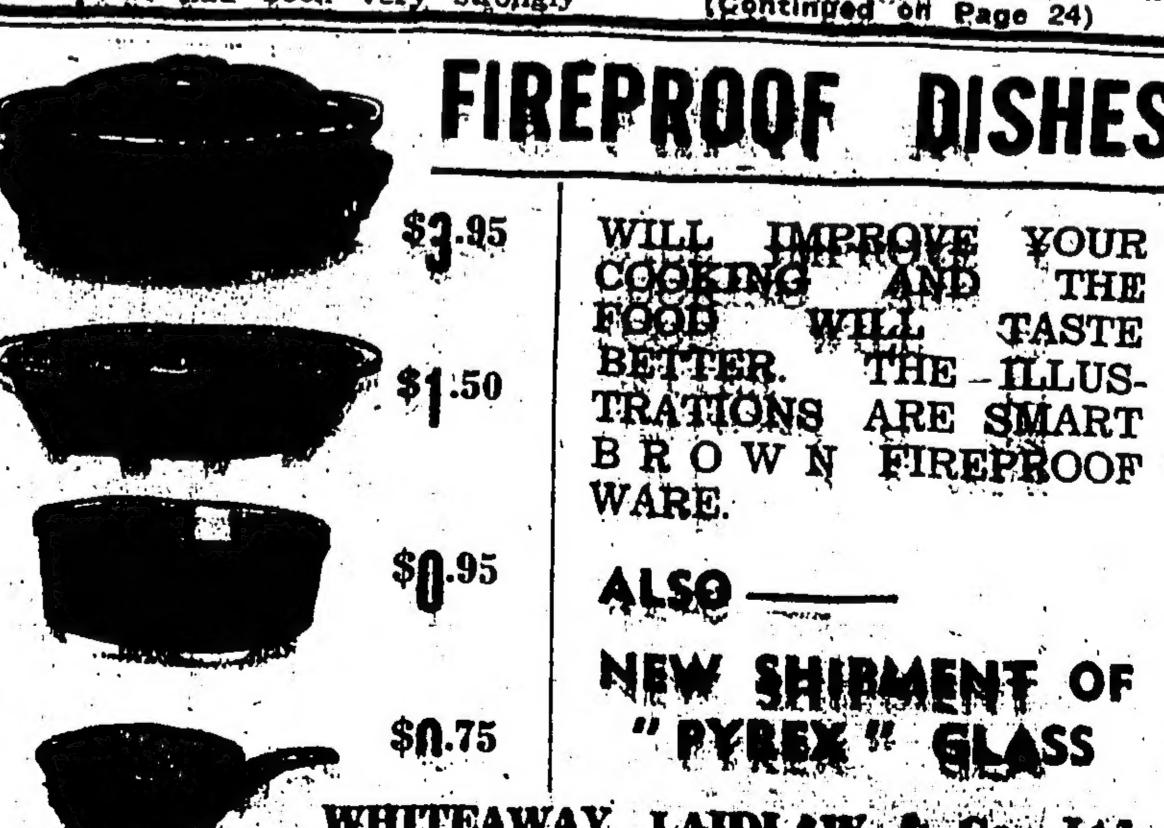
or other financial institutions and interest in the present war, I do not on liquor, petrol and tobacco. As rewhich undoubtedly have come to believe that capital will cease to come gards liquor and petrol the main obing place. It is obvious that a non- Before leaving this aspect of the there is a point at which increased resident who holds such deposits in matter, however, I do want to em- duty leads to diminished consump-Hong Kong might be tempted to phasise that the Government is very tion, and it is probable that we could transfer them elsewhere if he had ready to consider any modifications not get a very much larger gross reto pay income tax on the interest in the detail of an Income Tax which venue from these duties than we exreceived from them, and the trans- will minimise such economic dangers pett to get as they now stand. The fer of such deposits might do the as exist. The Committee on the Bill same applies in principle to tobacco, Colony harm. For that reason the has in fact already agreed upon one and there is the additional objection Bill which is now being examined by important recommendation with that that duty is in the main paid by the Income Tax Committee provides end and I myself have in mind to the poorer class of the community. from income tax.

THREE CRITICISMS The honourable and learned mem-This whole question of the econo-mic effect, moreover, requires exam-Hong Kong companies. I would sub-Movements of capital are notori- ination by comparison with the effect mit three criticisms. First, is it equit-Movements of capital are notoring the surely obvious and the administration, for reasons I need not elaborate is too weak to enforce any such tax; but there are other laws which are not enforced in China which the enforcement of income tax was not reasonable to the enforcement of income tax was not reasonable to the enforcement of income tax was not reasonable to the enforcement of income tax was not enforced in China which the enforcement of income tax was not enforced in China which the enforcement of income tax was not enforced in China which the enforcement of income tax was not entined to possible the exchange that it is now the enforcement of income tax was not entined to possible the enforcement of income tax was not entined to possible the enforcement of income tax was not entined to possible the entined to the effect of possible the entined to possible the entined to the effect of possible the entined to possible the entined to the effect of possible the entined the effect of possible the entined to the effect of possible t ously difficult to detect and I can of the possible alternatives to an in- able to tax the limited liability com-

have the information do not take the port of all the big business houses in part of such an increase in rates would saying that the introduction of such be passed on to the occupier, i.e. once It is, I believe, asserted in some a tariff and the multiple restrictions more in the main to the poorest class above all to its entrepot trade, than dation will merely help to perpetuate the dreadful conditions of overcrowding which we all deplore.

GENERAL OBJECTION

The general objection to all these alternatives is that none of them approaches an income tax in the extent to which it can be adjusted to the capacity to pay of the individual, and, therefore in fairness of the distribution of the necessary burden of taxation. In that connection I suggest that (Continued on Page 24)



ARMY CRICKET.

A. V. WHITE WINS SHANGHAI CHAMPIONS

A. V. White, the Kowloon Cricket Club tennis player, was greeted with a pleasant surprise on returning by Clipper from Manila yesterday,

He was in receipt of a telegram informing him that his White Parade (Alex White_up) had won the Shanghai Champions.

WEBB'S FINE INNINGS

Playing at the Sookunpoo yesterday, Royal Army Medical Corps beat the 8th Battery, Royal Artillery, by 120 runs in a friendly cricket match. Cpl. Webb hit 16 fours in a dashing innings and Major Swyer 7 fours

in his 52. R.A.M.C. Q.M.S. Patterson, c Lomax, b Ward .. 17 Cpl. Webb, c Hook, b Searle 89 Major Harvey, b Dilne' Cpl. Smith, b Dinot

Major Swyer, not out Lieut, Taylor, b Hook Sgt. Shorthouse, c Thorpe, b Searle ... Sgt. Wyre, b Searle Q.M.S. Green, Ibw., b Searle Cpl. Parkin, b Searle Pte. Bennett, not out Extras (B27, W1, NB3) 31

Total (for 9 wkts. dec.) 229

	Bowling	Analy	n la			- 1	
	Bowillin	, ,,,,,,,	0.	M.	R.	W.	
				0	52	2	
		• • • • • •	5	0	32	1	
Ward · · · ·	• • • • • • •		2	0	23	0	
Hannan ···		• • • • • •		0	15	0	
Hodgson ·	••••••		5	0	48	1	At
Hook · · · ·		• • • • • • •	J		30	1	Softba
Scarle · · ·				•	-		Brook
		.A.				8	cided
Lieut, Hook,	b Harve	y		 Mareo			from
I /Bdv Hodg	son, c B	ennett,	י ם	yyru			sion v
OMS Sear	le. b W3	rc	****				used f
Sat Dilnot.	e Patters	son, b	Wy	C			captai
Time Lome	x. b Ha	rvey .					respor
Car Barroll	est b Ha	rvey .					
I /Bdr War	d, not of	111.		• • • • •			
Der Brown.	c Shortl	iouse,	D L	HIAC	y	_	
Chr Hannat	ı. c Harv	ey, b	Gree	en ·			l
Y /Ddn Pest	rson, c l	Patters	on.	D G	A CCH		
L/Bdr. Thro	pe, b We	ebb			• • • •	5	Harvey
D/200.	o rann					10	Wyre

Extras (B8, LB2) 10 Wyre

Extras (B8, LB2) 109 Webb

At a meeting of the Women's Softball League held in the Brook Club yesterday it was decided to reduce the entrance fee from \$12 to \$9. Another decision was that one ball is to be used for three games and that the captains of both teams will be responsible for the ball.

_		-	-																							
					٠					7				_			_				_	•		•		
					3	O	M	u	li	n	0			P	U	u		IJ	/1	1						
																							M.		R.	W
1								_		_	_											10	1		23	
•	•	•	•	•	•	•	•	•	•	Ī	•	-	_		•							9	0		577	
	•	•	•	•	•	•	•	•	•	•	•	•	•	_	Ī		Ĭ.		•			2	0		9	
	•				•		•	•	•	•	•	•	•	•	•			Ċ	ĺ	•		1	0		10	



Made from selected leaf and packed in 1,2 and 4oz. air-tight tins. Imported from England in THREE strengths: MILD, MEDIUM and FULL

Penang

Tsingtao

Yokohama

The China Mail

Ninety-Fifth Year of Publication 3A Wyndham Street, Hong Kong. Telephone 20022

London Office: 7, Garrick Street, London, W.C.2

Subscription Rates. 8 Months H.K.\$ 9,00 6 Months H.K.\$18.00 One Year H.K.\$86.00

NEW ADVERTISEMENTS

Postage Abroad Extra

BANK HOLIDAY.

with Govern-In Accordance Ordinance, THE EX-CHANGE BANKS will be CLOS-ED for the Transaction of Public Business on SATURDAY, the 11th November, 1939. Hong Kong, 8th Nov., 1939.

TO LET

MARBLE HALL, 34 and 57 Granville Road, Kowloon. Beautiful Rooms, suites with verandahs, private bathrooms. With Gardens, Tennis Courts. Apply Proprietress, Phone. 59433.

PUBLIC AUCTION

The Undersigned have received instructions from the Liquidators, to sell by Public Auction on Friday, the 10th. November, 1939 commencing at 10.30 a.m. at "Caerlon," Pokfulam Road

A Quantity of VALUABLE HOUSEHOLD FURNITURE.

comprising:—

Velvet and Leather Covered Couches and Armchairs, Chesterfield Couch and Armchairs, Teak Cabinets, Book Cases, Bronze and Brass Ware, Oil Paintings, Etch-Pictures, Ornaments, Clocks, Curtains, Cushions, Carpets, Rugs, etc., etc.

Teak Extension Dining Tables, ARTICULARS AND CONDI- ARTICULARS AND CONDI-Chairs, Glass Cabinets, Cutlery, Nice Glass Ware, Crockery, Table Auction to be held on MONDAY, Auction to be held on MONDAY, Electric Heaters, Patent Filter, etc., etc.

Teak Bedsteads, Divan, Chairs, Teak Wardrobes, Chest of Dratan Furniture etc., etc.

Fine Blackwood Ware One Frigidaire (almost new)

and Selection of Cut Glasses

On View from Wednesday, the 8th. November, 1939

Terms: Cash on Delivery LAMMERT BROS.,

Auctioneers. Hong Kong, 4th Nov., 1939

Dutch Grown Bulbs Narcissus (Daffodils) Tulips and Hyacinths.

Best Varieties of Tested Flower & Vegetable Seeds

all for Immediate Planting.

GRACA & CO.

Now Obtainable At

Wyndham St. Hong Kong Ketabijahati 1896;



PUBLIC AUCTION

ARTICULARS AND CONDI-TIONS of the Sale by Public Auction to be held on Monday, the 13th day of November, 1939, at 3 p.m., at the Offices of the Public Works Department, by Order of His Excellency the Governor of one Lot of Crown Land Alor Star at La Salle Road, Kowloon Tsai, Bangkok in the Colony of Hong Kong for Batavia a term of 75 years, commencing from 1st July, 1898, with the option of renewal at a Crown Rent to be fixed by the Sur-

less the last three days thereof. Delhi Intending bidders are advised Halphons that immediately after the disposal of the lot the Purchaser (if not the applicant) will be required to deposit with an authorised Banking Business transacted. sale, the sum of two hundred periods in Local or Other Currencies at rates dollars, (\$200) in cash. This sum will be refunded on payment of the Purchase price.

veyor of His Majesty the KING,

for one further term of 24 years

PARTICULARS OF THE LOT

								_	
No. of Sale	Registry No.	Locality.	ł	o u n	Contents in Square feet.	Annual Rental	Upset Price		
No.	Regi	Š	N.	s.	E.	w.	Conte	Annual	Upse
	0. 2740.	Inland Road,	£t.	rt.	ft.	ft.			,
. 1	New Kowloon Inland Lot No. 2740.	Kowioon La Salle	-Y-	As :	per		About 16,000	\$184	\$8,000
	loon In	New 1127, Tsai.	, ,		plan		About	**	8
	New Kow	Opposite New Lot No. 1127, Kowloon Tsal.		•					4.



Fans and Lamps, Ceiling Lamps, the 13th day of November, 1939, the 13th day of November, 1939, at 3 p.m., at the Offices of the at 3 p.m., at the Offices of the Public Works Department, by Public Works Department, by Order of His Excellency the Gov- Order of His Excellency the Governor cf one Lot of Crown Land ernor of one Lot of Crown Land wers, Folding Card Tables, Rat- at Tai Hang Road, in the Colony at Repulse Bay, in the Colony of Hong Kong for a term of 75 of Hong Kong for a term of 75 years, with the option of renewal years, with the option of renewal and Fixed Deposits received for one year or at a Crown Rent to be fixed by the Surveyor of His Majesty the KING, for one further term of 75 years.

Intending bidders are advised that immediately after the disposal of the lot the Purchaser (if not the applicant) will be required to deposit with an authorised officer who will be present at the sale, the sum of two hundred dollars, (\$200) in cash. This sum will be refunded; on payment of the Purchase price.

PARTICULARS OF THE LOT

Mo. of Sale	try No.	ocality	B Me	a u r	ıda reme		Kenta	L. Price		
	Registry	3	N.	s.	E.	w.	S S S	Annual	Upac	
	p dia	e p	21.	et.	æ.	tt.			<u>.</u>	
	-	4			30 €		8	4	1	
	LOE NO.	island 9. Tai		As	plan		Chout 58.5	828	227,686	
	plane						AD.			
		3 1				 				

THE CHARTERED BANK OF INDIA, AUSTRALIA & CHINA

Incorporated by Royal Charter, 1853.

Reserve Fund£3,000,000. Reserve Liability of Proprietors £3,000,000. HEAD OFFICE: LONDON: 38, Biehopsgate, E. C. 2. Sub-Agencies in London: 117/122, Leadenhall Street, E. C. 2. West End Branch: 14/16, Cockspur Street, S. W. 1. Manchester Branch:

AGENCIES AND BRANCHES:

52, Mosley Street, Manchester, 2.

Hankow Penang Harbin Rangoon Hongkong Saigon Iloilo Seremban Bombay' Ipoh Shanghai Calcutta Agencies: Karachi Singapore Clive Street Klang Sittawan Fairlie Place Kobe Sourabaya Canton .Kuala Lumpur Taiping Cawnpore Kuching Tientsin Cebu Colombo Madras Tongkah (Bhuket) Manila Medan Tsingtao New York Yokohama Pelping Hamburg (Peking)

FOREIGN EXCHANGE and General CURRENT ACCOUNTS opened and FIXED officer who will be present at the DEPOSITS received for One Year or shorter

which will be quoted on application. SAVINGS ACCOUNTS also opened in Local Currency and Sterling with interest allowed at rates obtainable on application.

The Bank's Head Office in London undertakes Executor and Trustee business, and claims recovery of British Income Tax overpaid, on terms which may be ascertained at any of the Agencies and Branches.

R. A. CAMIDGE, Manager.

THE WING ON BANK, LTD.

Head Office: Hong Kong. 26, Des Voeux Road, Central. Authorised Capital \$10,000,000 LONDON BANKERS:--Westminster Bank, Ltd.

Foreign Exchange and every description of banking business transacted. Current Accounts and Savings Accounts opened. Fixed Deposits received at rates which will-be quoted on application.

Safe Deposit Boxes for hire. PHILIP GOCKCHIN, Chief Manager, -



PUBLIC AUCTION

TIONS of the Sale by Public TIONS of the Sale by Public at a Crown Rent to be fixed by the Surveyor of His Majesty the KING, for one further term of 75 years.

Intending bidders are advised that immediately after the disposal of the lot the Purchaser (if not the applicant) will be requirsale, the sum of two hundred ers, 3A, Wyndham Street. dollars, (\$200) in cash. This sum will be refunded on payment of the Purchase price.

PARTICULARS OF THE LOT

No. of Sale	try No.	coality.	B	u u r	ols in	Heigas	Price		
No.	Regis	Loc	N.	s.	æ.	w.	Contents an	Annuel Keig	Upact
Ť.	. 531.	Building Road,	ft.	ft.	řt.	ft.			
	Building Lot No. 431	of Rural Building South Bay Road,		As	plan		Dout 18,000	101	4,000
	Rural Build	H Cart		¥ .		13	4.boc		3
	A	N Z W							

HONG KONG AND SHANGHAI BANKING CORPORATION

Authorised Capital\$50,000,000 Issued and Fully Paid-up\$20,000,000 Reserve Funds:-Sterling 6,500,000

HEAD OFFICE: HONG KONG.

Reserve Liability of Proprietors \$20,000,000

Hong Kong Currency Reserve \$10,000,000

BOARD OF DIRECTORS: Hon. Mr. A. L. Shields, Chairman,

> W. R. Lock, Esq., Deputy Chairman.

J. K. Bousfield, Esq., A. H. Compton, Esq., Hon. Mr. S. H. Dodwell, K. S. Morrison, Esq., Hon, Mr. T. E. Pearce. H. V. Wilkinson, Esq. D. F. Landale, Esq., Sir Vandeleur M. Grayburn. Chief Manager.

BRANCHES:-Amoy Peiping Hongkew Bangkok Iloilo Batavia Ipoh Bombay Johore

Mukden

New York

Hankow

Harbin

Rangoon Saigon Calcutta Kobe San Francisco Canton Kowloon Shanghai Chetoo Kuala Lumpur Singapore Colombo London Sourabaya Dairen Sungei Patani Lyons Foochow Malacca SWATOW Haiphong Manila Tientsin Hamburg Muar (Johore) Tokyo

Current Accounts opened in Local Currency and Fixed Deposits received for one year or shorter periods in Local and other currencies on terms which will be quoted on application.

ALSO up to date SAFE DEPOSIT BOXES in various sizes TO LET.

Hong Kong, 25th February, 1939.

HONG KONG SAVINGS BANK

The Business of the above Bank is conducted by the HONG KONG AND SHANG-HAI BANKING CORPORATION. Rules may be obtained on application.

FOR THE HONG KONG AND SHANGHAL BANKING CORPORATION.

V. M. GRAYBURN. Chief Manager.

Hong Kong, 1st March, 1937.

THE BANK OF EAST ASIA, LTD.

Authorised Capital\$10,000,000.00 Paid-up Capital 5,596,600.00 Reserve and Undivided Profits 2,883,932.00

> HEAD OFFICE:-HONG KONG. 10. Des Voeux Road, Central.

BOARD OF DIRECTORS:-Hon, Sir Shou-son Chow, Chairman; Li Koun Chun, Esq., P. K. Kwok, Esq., Wong Yun Tong, Esq., Chan Ching Shek, Esq., Li Lan Sang, Esq., Wong Chu Son, Esq., Kan Ying Po, Esq. and Fung Ping Wah, Esq.

Kan Tong Po, Esq., Chief Manager. Li Tse Fong, Esq., Manager.

Branches and Agencies:-

Manila Amoy Melbourne Batavia Nagasaki Bombay Calcutta New York Haiphong Paris . Peiping Hankow Honolulu Penang Kobe Rangoon

Salgon

Kowloon

London

Samarang Shanghai Singapore Sourabaya Swatow Sydney Tientsin Vancouver

Seattle

Every description of Banking and Exchange business transacted. Loans granted on approved securities.

San Francisco

Current Accounts opened in Local Currency shorter periods in Local and Foreign Currencies on terms which will be quoted on application.

Safe Deposit Boxes To Let. KAN TONG PO, Chief Manager.

FOR SALE

HONG KONG DOLLAR DIRECTORY ed to deposit with an authorised 1939 EDITION.—On sale at all Bookofficer who will be present at the stalls and at the Offices of the Publish-



NEW ERA OPENED FOR TURKEY

(SPECIAL TO "CHINA MAIL")

Ankara, To-day. The 360 Deputies of the Turkish Parliament yesterunanimously ratified amid acclamation the Anglo-Franco-Turkish Pact after hearing a speech by the Foreign Minister, M. Sarajoglu.

M. Sarajoglu said: "A similar task unites the three countries, and the treaty marks an essential turning point in Turkey's history. "Henceforth the three coun-

tries' efforts for peace will be most effective and fruitful. "The document opens for Turkey a happy and fertile era in all direc-

PLANES TO BE FLOWN TO EUROPE

tions." - Havas. -

SPECIAL TO "CHINA MAIL" New York, To-day.

A big American aricraft factory has asked several commercial pilots whether they are ready to accept the task of piloting American bombers from Canada to Britain and France. says the "World-Telegram."

The pilots were warned by their employers that they will automatically lose their status as commercial pilots if they accept the offer, and may be unable to get their jobs back when they return from Europe. -Havas.

(SPECIAL TO "CHINA MAIL")

Paris, To-day. "Lausanne Ga-The reports that an explosion took place in the famous Beer Cellar at Munich last night, where Hitler had just spoken. Many were killed. — Havas.

Berlin, To-day. Six were killed and 60 injured in the explosion, which occurred shortly after Hitler had left for Berlin, says the official D.N.B. news agency.

The agency claims that the plot was instigated by foreign agents, and a reward of 500,000 marks is offered for discovery of the instigators.

Hitler left the Beer Cellar earlier than originally intended, as he was summoned back to important by Berlin State business.—Reuter.

Whilst driving a lorry in Connaught Road West yesterday, Fan Lau, accidentally knocked down a Chinese who was later admitted to the Queen Mary Hospital for treatment for injuries.

ABOUT YOUR EYES—A Word to the Wise is Sufficient!

When you trust your precious gift of sight to a qualified and old established house such as ours you know that you are giving your eyes the very best that can possibly be given. Our charges are reasonable and compare fav-Safeguard Your Eyes By Consulting ourably with the charges of reputable and qualified optometrists at home. We could sacrifice quality for cheapness but that is not our policy. Only



MR. CAINE'S SPEECH

the very best is good enough for

(Continued from Page 21)

there is something unfair in the criticisms of imperfection which are levelled against the suggested income tax. Because income tax professedly attempts to adjust the burden fairly in a way that no other tax pretends to do it is hotly criticised because it does not reach 100% fairness. I have already suggested that nobody thinks of demanding the abolition of other taxes because they are not free from evasion, and nobody thinks of abolishing the rates because the assessments do not respond exactly with the periodical fluctuations in the actual rents of properties; but for income tax other standards are applied and it is practically suggested that unless we can guarantee 100% efficiency it will be grossly inequitable even to attempt that fair distribution of the burden which is rightly claimed for it. THE CHOICE

If we are to choose between one kind of tax and another I would ask that we should not make the choice on grounds merely of convenience of administration. It is of very real importance that any tax of the magnitude we are discussing should be merely conveniently not equitably, and should be placed on the shoulders best able to bear it. I believe that no member of this Council will venture to deny that income tax is best fitted to secure an equitable distribution of the burden, and I think it would be discreditable to us all if we were to falter in the attempt to secure that ideal of justice equity because of minor difficulties and expenses of administration. I would like to close by pointing that sentiment with a personal example. It so happens that none of the alternatives which have been suggested here or elsewhere would call for any appreciable sacrifice on my own part; only an income tax will really hit me. The same must be true of many others in the higher income groups. Certainly could not feel content in alternative taxation were adopted which merely divert to my share of the burden to others less able to bear it.

INCOME TAX DEBATE

(Continued from Page 19) people. With merchants who are secand to none in business acumen and financiers and Bankers who are becoming more experienced in the handling of their Country's affairs, outside traders will have to look to their

Hong Kong's phenomenal growth was due to the influx of Chinese attracted by the cheap facilities of our free port, low taxation and security. Let us beware lest we find ourselves

with little to offer but security. Let us look over our stock in trade and see what else we have to offer, the answer is Service but it must be at a competitive price.

Low taxation with its corollary, low cost of living should be the aim of this | ment. and future Governments.

TEL. 20022 or 33993

Paris, To-day. According to an unconfirmed report from Munich, Rudolf Hess, Hitler's deputy, was among the victims in the beer cellar explosion, says the Amsterdam correspondent of Havas. - Reu-

Washington, To-day. Hitler's "beer cellar" speech is regarded here as removing the last possibility of the Belgo-Dutch peace move having any success. — Reuter.

Amsterdam, To-day. King's of Denmark, Sweden and Norway and the President of Finland have telegraphed to Queen Wilhelmina and King Leopold expressing adherence to the Belgo-Dutch peace move. — Reuter.

Helsinki, To-day. Finnish coastguards have detained the German steamer Blumenthal, on her way from Finland to Germany with a cargo of timber, for using her wireless within neutral territorial waters. - Reuter.

Ankara, To-day. Speaking in the National Assembly, M. Sarajoglu said that Turkey had the wisdom to unite into a solid bloc under the leadership of the greatest nations at a period when the world is faced with catastrophic events. -Reuter.

Lourenco Marques, To-day. According to reliable information the German steamer Uhenfels was carrying a cargo of opium valued at £240,000 when she left here on October 16.

It is suggested she may have intended to contact in the Atlantic with a submarine which would take the opium to Germany. --Reuter.

The profix "Special" to telegrams is used by the "Sunday Herald" and "China Mail" to indicate news which is strictly copyright under the provisions of the Telecommunications Ordinance, 1986, and may not be reprinted under any circumstances, either wholly or in part, without prior arrange.

POWELL'S For Smart O'COATS

Light, Medium & Heavy Weight OVERCOATS are now here a Variety of Styles and Fabrics such as will make your Pleasurable One. Choice Raglans A-Plenty There Ulsters and Chesterfields too. There are Urquhart Checks, Pane Plaids and Window Connemara Mixtures.

TAILORED IMMACULATELY BY SIMPSON, THESE COATS ARE STYLED ATTRACTIVELY AND MAY HAD IN A WIDE SELECTION OF SIZES AND PRICES

COME AND SEE YOURSELF IN SIMPSON COAT AT

Wm. POWELL, LTD.

10, ICE HOUSE STREET.



Showroom: Gloucester Building. Tel. 81141.

Printed and Published for the Proprietors. The Newspaper Enterprise Lid., by Gondon CADE BURNETT, SA, Wyndham Street, Victoria Hohe